

## NEWS SUMMARY

GENERAL

French police end hijack

French police stormed a Caravelle jet at Orly Airport and seized a gunman holding 91 passengers. One passenger was killed and another seriously injured when the hijacker detonated a grenade during the raid.

The jet, on a domestic flight Paris to Lyons, had been hijacked over the French capital by a man named as Jacques Demy, who shot a stewardess in the arm and demanded radio to make a political statement.

Carrying a \$6m ransom and ransackers whose release was demanded by the Japanese Red Army hijackers of a jet at Dacca airport left for the Bangladeshi capital. Page 11

ont marches may be banned

The Home Office is urgently considering changes in the Public Order Act and last year's Race Relations Act to put an end to racially provocative marches by the National Front. Legislation is to be introduced after the Commons reassembles next month. Mr. Merlin Rees, Home Secretary, said yesterday that the power to outlaw marches should exclusively on public order grounds. Page 15

lawyers quit

Cat trawlers have started to leave EEC waters, after being freed from fishing from to-day as a result of a decision by the European Commission in Brussels not to renew licences. The move comes "failure to achieve an agreement" catch limits before the trade conference on European security resumes next week.

Records launch

TU-144 supersonic airliner records—will begin regular services along the route between Moscow and Asia Central Asia on October 1, the Soviet Union announced. Page 15

Nationalist murder

Emerson Mabdo, chairman of the Nationalist movement, has been murdered by his associates, according to Addis Ababa Radio. When his body was shot in February, government also blamed military gunmen for the killing. Page 12

man inquiry

West German Government told an investigation into neo-Nazi drinking party to come to a standstill at a military academy where officers staged a mock-up of Jews. Page 12

If... .

Ennahm Begin, Israel's Minister, has been admitted to a Tel Aviv hospital after exhaustion.

He told the fifth World of Bishops in Vatican City he would remain in Tel Aviv.

Unknown couples from Europe and Malaysia arrived in Tel Aviv for a four-day tour.

Station London was in after guards took up station during the evening.

Ali retained his heavyweight title in New Zealand against fellow-American Shavers. Page 12

PRICE CHANGES YESTERDAY

In pence unless otherwise indicated)

	PRICE CHANGES YESTERDAY
KwikSave	268 + 12
Lex Service	784 + 4
Lind Merchant Sets	76 + 5
MPC	118 + 5
Nell (J)	81 + 4
Photopia Int'l	49 + 9
Rank Org	270 + 9
UDT	52 + 6
Unilever	582 + 12
Union Discount	510 + 12
Wimpey (Geo.)	145 + 24
Charter Cons	300 + 20
Tata Exports	511 + 12
Union Crpn	223 + 12
Wankie Colliery	35 + 4
FALLS	
EMI	228 - 5
House of Fraser	143 - 10
Stobart Constructions	7 - 24
Scottish Universal	93 - 6
Saint Piran	51 - 7

BUSINESS

Dollar weaker; equities quiet

## Callaghan urges EEC reforms in bid to unite Labour

BY RICHARD EVANS in Brighton

A radical reform of the Common Market involving the maintenance of the authority of national Parliaments in an enlarged Community was proposed yesterday by the Prime Minister.

THE DOLLAR continued to lose ground. It trade-weighted depreciation widened from 0.82 per cent. to 1.09 per cent. Sterling rose steadily against the dollar throughout the day for a gain of 26 points to \$1.7475, its highest level for more than a year. The trade-weighted index was unchanged at 52.3.

GILTS were buoyant. The FT Government Securities Index rose 1.65 to 79.35 for a gain of 3.26 on the week.

EQUITIES were overshadowed by gilts and saw the quietest dealing for a month.

FT Industrial Ordinary Index HOURS MOVEMENTS DAYS CLOSE

Date	Index Value
26 SEP 1977	500
27 SEP 1977	530
28 SEP 1977	510
29 SEP 1977	520
30 SEP 1977	510

Leading shares traded slightly above previous levels, however, and the FT 30-Share Index gained 5.3 to 520.7 for a gain of 16 points on the week.

GOLD rose \$12.5 to \$154.35.

WALL STREET closed 7.62 up at 971.12.

Japan warned of car curbs

BY ROY HODSON

Mr. Callaghan's closely-reasoned letter as a basis for reform are:

1—Maintenance of the authority of national Governments and Parliaments.

2—Democratic control of Community business and improved scrutiny procedures.

3—Common policies must recognise the need for national

Government to attain their economic, industrial and regional objectives.

4—Reform of the Common Agricultural Policy involving a four-year plan to secure a substantial reduction in surpluses and maintain restraint on prices.

5—The development of a Community energy policy compatible with national interests.

6—Enlargement of the Community to include Greece, Portugal and Spain.

All these matters have contributed in varying degrees to the continuing deep antagonism between the Common Market and the Labour movement.

Welcome

In particular, the maintenance of national sovereignty and the proposal for less interference by Brussels in economic and industrial affairs will be well received by anti-Market Ministers.

Pro-Market, on the other hand, warmly welcomed the Prime Minister's insistence that Britain's continued membership must not be called into question and the declaration that the U.K. must be ready to fulfil the obligations of membership already undertaken by the end of October.

The six key elements set out in Mr. Callaghan's closely-reasoned letter as a basis for reform are:

1—Maintenance of the authority of national Governments and Parliaments.

2—Democratic control of Community business and improved scrutiny procedures.

3—Common policies must recognise the need for national

Government

# The week in London and New York

## Gilts take the limelight Equities uncertain

### ONLOOKER

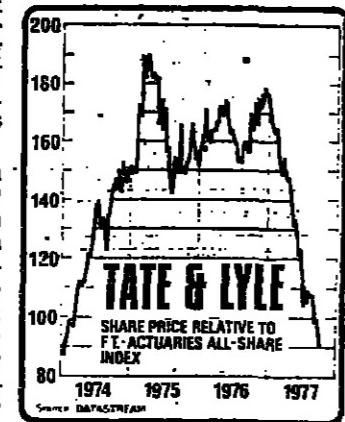
Equities have had to take a prior to the successful offer by back seat this week as the gilts Tate, is unlikely to be met.

Critics have further pointed out that the profits arising out yesterday there was almost of sugar dealing over the past five years have moved from film to £25m, and that, because of the trends in the sugar market, this is likely to decline in the current financial year.

Earlier this year it was not uncommon to hear forecasts that Tate and Lyle would be producing pre-tax profits of upwards of £80m, compared with £25.5m in the previous twelve months. Outside estimates have been on the retreat since the latest figures — 8.2 per cent lower at £24.7m — and the current betting is on a final outcome of £20m, or so.

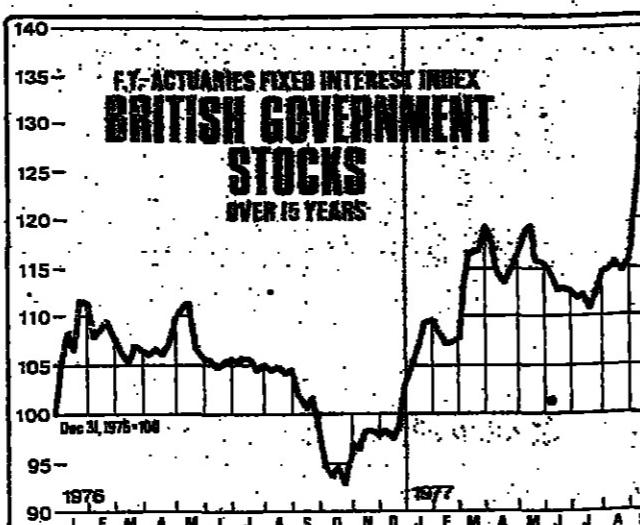
### Retail strength

News over the weekend that the Chancellor had won the backing of the IMF for a reflationary package later this year gave further stimulus to the retail sector's price performance this week. Store share prices rose three times as fast as the overall market during the last five days and the sector has now achieved a gain of 40 per cent since the market started to push ahead at the end of July, compared with a 20 per cent increase in the 500 index.



A package to stimulate consumer spending is widely expected in November which is obviously good news for the departmental retailers, particularly for the durables sector, which along with menswear, has very much been the poor relation of the industry. Groups such as Currys, Audiotronics and Comet, which have seen their share prices rise by more than a tenth this week alone, are always the first to feel a downturn in consumer spending, but it only needs a small rise in volume for profits to start rising again.

Far more deep-seated is the view that Manbrey and Garton, which was acquired after an acrimonious contest in 1976, contains hidden horrors. And to the extent that the labour troubles at the Garton works in South London have persisted this is true. It seems that the £13m forecast by Manbrey and Garton,



Next year has long been predicted as the start of a significant rise in retail profits, a sector where Wimpey and Marchwiel are on historic yields of under 2 per cent and most of the majors under 5 per cent. But profits growth is still pedestrian.

Laing and Wimpey have both declared interim pre-tax profits under a tenth up on last year, though in Wimpey's case operating profit was 29 per cent higher and the small pre-tax increase was due to a £2.5m turnaround from receiving interest to paying it — the borrowings stemming largely from property development costs. On the public sector side, public sector work does not start to nose dive until 1978. In the private sector, it is still largely a matter of jam-to-morrow for Wimpey, Tarmac and Barratt Developments, who during the week reported a 24 per cent drop at the pre-tax level for the full year.

Yet whether the stores sector can hold its current premium rating is disputed by some brokers. At present the average p/e is the highest outside the financial sectors and though it is generally accepted that retail profits could outstrip growth from the industrial sector over a two to three year period some analysts believe the sector's relative strength has gone far enough.

### Contracting pose

Having performed so strongly last year, the overseas write-ups last year — the only significant current trends. Overseas profits of the actuarial sub-sector are still to show through, but indices in which average share prices have doubled this year, sector U.K. construction, contracting and construction year and also a bullish attitude companies have this week given toward development. But the evidence that these prices have been running well in front of reflects the modest increases of current trading. There have been no equivalent shocks to seen its worst slump for Tarmac's £12m Nigerian project.

### MARKET HIGHLIGHTS OF THE WEEK

	Price Yester- day	Change on Week	1977 High	1977 Low		Average	Sept. 30	Sept. 23	Sept. 16
F.T. Ind. Ord. Index	520.7	+16.0	547.2	357.4					
Govt. Secs. Index	79.85	+3.26	79.85	60.45					
Akroyd & Smithers	278	+28	278	168					
Burco Dean	53	+9	61	36					
GUS 'A'	347	+32	347	176					
Group Lotus	40	+15	40	16					
Haggas (J.)	468	+58	470	275					
Higgs & Hill	84	+9	84	35					
Ibsstock Johnson	155	+24	157	73					
Lafarge Org.	102	+17	102	26					
MFI Warehouses	87	+13	87	31					
Martin (A.)	77	+10	79	36					
Metal-Box	330	-16	364	246					
Midland Bank	375	+55	376	245					
Milbury	67	+10	70	25					
Moran Tea	415	+157	415	124					
Saint Piran	81	+11	88	35					
Spink & Son.	272	+77	280	135					
Trafalgar House	151	+17	151	91					
Updown Inv.	54	+12	54	29					

the following times:  
Wales: 8.55-9.15 a.m. Telfillant,  
12.05 a.m. News and Weather for Wales;  
Scotland: 1.45-5.10 p.m. and  
5.45-5.50 Scotland, 10.05 Sports, come 10.25-11.05 The Liver Show,  
12.05 a.m. News and Weather for Scotland.

Northern Ireland: 5.00-5.10 p.m. Scoreboard; Football Focus (12.35); Boxing (1.00); Racing from the Hippodrome (1.35); 2.25 a.m. Night Hunt Preview of the 1977-78 season (1.35); Crown Green Bowling (2.10, 2.35, 3.25, 4.30); The Tom Thumb Ciaran Championships Trophy Competition; Prix de l'Arc de Triomphe Preview (3.05); Rugby League (3.00); Warrington v. St. Helens (2.00); Weightlifting World Championships (4.40) Final Stage;

5.15 Bugs Bunny; 5.15 The Pink Panther Show; 5.35 News; 5.45 Sport; Regional News; 5.50 Starburn; 6.15 W.I.T.C.; 6.30 Bruce Forsyth; 6.40 The Generation Game; — The Duchess of Duke Street;

6.50 The Dick Emery Show; 6.50 Starsky and Hutch; 6.55 Match of the Day; 7.05 Parkinson; All Regions as BBC 1 except at

BBC 2

7.40-8.05 and 8.30-11.00 a.m. Open University.

11.00 Liberal Party Assembly.

12.45-13.10 p.m. Open University.

13.40 Saturday Cinema: "Road to Hell," starring Bob Hope, Burt Lancaster and Dorothy Lamour.

5.10 Horizon.

6.00 Open Door.

6.30 Sight and Sound in Concert.

7.30 News and Sport.

7.45 The Gun.

8.00 The Lively Arts—In Performance: "Romeo and Juliet" ballet with Margot Fonteyn and Rudolf Nureyev.

10.10 Film International: "La Gueule Ouverte."

11.35 News on 2.

11.45 News on 3.

12.10 Mid-night Movie: "The Killing," starring Sterling Hayden.

12.30 pm. "London

12.35 pm. "A House for the Future"; 2.00 Our Show; 11.15 Liberal Party Assembly from The Dome, Brighton.

12.30 pm. "World of Sport"; 12.35 pm. "Sports in Colour"; Switzerland Brothers and Queen.

12.30 pm. "World of Sport"; 12.35 pm. "Sports in Colour"; Switzerland Brothers and Queen.

On the Ball: 1.00 International Cricket.

All Regions as BBC 1 except at

Golf (Part 1) Dunlop Masters from Lindrick Golf Club; Notes: 10.15 a.m. News from ITN; 1.20 The ITV Six—1.30, 2.00 and 2.35 from Haydock; 1.45, 2.00 and 2.30 from Newmarket; 2.15-2.30 from Cheltenham; 2.30-2.45 from Derby; 2.45-2.55 from Doncaster; 3.00-3.15 from Half-time Masters; 4.00-4.15 from Gold-Dunlop Masters; 4.50-5.05 Results Service; 5.05 News from ITN; 5.15 Mr. and Mrs. 5.45 The Masters; 6.30 New Faces.

9.15 a.m. Scene on Saturday including Birthday Greetings and The Herbs; 10.15 The Lost Islands; 10.45 The Lone Ranger; 11.00-11.15 The Big Easy; 11.30 Pro Celebrity Snooker.

12.05 a.m. Activity in gilt-edged market; Consumer spending hopes.

1.15 a.m. Consumer spending hopes.

2.15 a.m. Re-assessment of prospects.

3.15 a.m. Results/scrub issue proposal.

4.15 a.m. Excellent interim profits.

5.15 a.m. Record profits.

6.15 a.m. Awaiting parent co. bid terms.

7.15 a.m. Pleasing results.

8.15 a.m. Good interim figures.

9.15 a.m. Awaiting Price Com. report.

10.15 a.m. Heavy demand/stock shortage.

11.00 a.m. Reflects strength of St. Piran.

11.45 a.m. Bid from Buxx-Doors.

12.30 a.m. South Crofty share sale.

1.15 a.m. Bid discussions.

2.15 a.m. Hotel & property sales.

3.15 a.m. Liquidation proposal.

4.15 a.m. Tarmac and Vassall.

5.15 a.m. Excellent interim profits.

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# Your savings and investments

## Deep sea blues

BY MICHAEL LAFFERTY

NORTH SEA divers are up in arms because the Inland Revenue has decided that they are really employees of the companies they work for.

They are upset because they had been paying tax on the Schedule D, self-employed basis for a number of years, until last April. Now the Inland Revenue says that they are liable on a PAYE basis instead.

In consequence as many as 250 of the top North Sea divers have either emigrated or taken up other work. That, at least, is what the Association of Offshore Diving Contractors—the "employers" organisation—claims. And to replace these men the Association's members are having to "employ" foreign divers.

North Sea divers work hard, in very unpleasant conditions, and they get paid accordingly. The majority work for only about six months of the year, during the summer weather window, and earn anything from £12,000 to £30,000 during that time. They may work for a number of diving companies at once.

By tradition most divers are paid on a "day-rate" basis, and the money only comes in when they are working off-shore. They get nothing for holidays, for rest periods, or when they are sick.

Against this background, the diving contractors were under the impression that both the Inland Revenue and the Department of Health and Social Security had accepted that their divers were self-employed.

The decision to the contrary has caused much heartburning



It may look rough above, but it's a great deal worse below.

because there are considerable practical advantages to being assessed on a Schedule D, as opposed to Schedule E, basis.

As the contractors point out, more generous expenses can quite properly be claimed under Schedule D; tax under it is assessed on the diver's earnings for the previous year and is paid in two instalments—so that, as opposed to a "service," it appears, in fact, that no tax due is not paid until some time later; and whereas an erratic pattern of earnings leads under Schedule E to over taxation at the time and considerable delay in the repayment of unpaid tax, this is not the case with tax paid under Schedule D.

All well and good: but a Schedule D assessment depends on the essential differences between being employed and self-employed. And they are far from clear.

As long ago as 1969 the Accountant, in an informative article on this invidious distinction, was suggesting four criteria which, taken together, should establish it. What, in

the first place, does the contract say? Does it describe itself as a contract of employment? In

the case of the North Sea divers, for example, the Inland Revenue says that the contractors

have not been able to produce contracts which show

that the divers had been engaged to supply "services"

as opposed to a "service."

It appears, in fact, that no

contracts of any kind were signed.

Who, in the second place, pays the National Insurance contribution?

If the contract in the third, have all or most of the attributes of a contract of employment? Does it include

provision not only for the payment

of a wage, but also for

matters such as holidays, notice,

and dismissal? And finally, what measure of control is exercised over the work done?

Taken together and applied, for example, to the case of a chorus girl and a ballerina, chances are that these would establish that the former was an employee while the latter could claim to be self-employed.

Kimpher's case which, taken together, should establish it. What, in

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# Finance and the family / Insurance

## Liability for tree damage

BY OUR LEGAL STAFF

I have been advised of a claim against me by my neighbour for subsidence, said to be due to tree roots in my garden. My landlords are the Co-op and I asked if I should cut down the trees, but the local manager advised me to do nothing, because there was doubt as to whether the trees were the cause of the trouble. Is there any possibility that in a month-by-month protected tenancy, I can be considered owner of the trees and so responsible for damage caused to the roots? What should I do?

The cases of *Butler v. Standard Telephones* [1940] 1 K.B. 399 and *McCombe v. Reade* [1955] 2 Q.B. 429 established that a lessor in occupation is liable for damage caused by encroaching roots of trees which grow within his curtilage. You probably are liable technically if the tree roots are shown to have caused the damage. You should inform your landlord that you will cut down the tree or trees (and grub up their roots) unless they unequivocally undertake to indemnify you against all claims arising out of any encroachment on neighbouring property by those roots.

### A pension and alimony

After paying alimony to his wife from whom he was separated for many years, a husband retired. His wife obtained a pension on his insurance. Can the husband deduct this pension from the alimony?

The husband is not entitled to deduct the amount of the wife's pension. His proper course is to make an application to the Court to vary the order, in view of the change in circumstances, if he is so advised.

### Information about a will

As a legatee under the will of a friend, who had received a bequest, I enquired as to the distribution of the residue, which, according to the will, was to go to charitable institutions at the absolute discretion of the executors. I was refused this information. Had I a legal right to it?

There is no right in a beneficiary who has been fully paid to seek information as to the

administration of the rest of the nant for quiet enjoyment, and such persons as are entitled on intestacy (next of kin) could properly make the enquiries which you mention.

### Widow's rights in intestacy

I lent my widowed mother some money to improve her house. I claimed tax relief on the interest, but the tax inspector has rejected the claim on the ground that I do not own the house. Is this right?

If we understand your letter correctly, we think the Inspector is wrong and the fact that you do not own the house does not disentitle you to the relief. We suggest you ask him to refer the matter to higher authority.

### Siting of a caravan

I own a plot of land measuring a little less than an acre and I am thinking of putting a caravan on it for about two weeks, for my holiday. Do I require planning permission?

You do need planning permission for your proposed use and would also require a site licence under the Caravan Sites and Control of Development Act 1960, if, as appears to be the case, the land is not within the curtilage of a dwellinghouse.

### Nuisance from dogs

I live in a council house and my neighbour has for some time now been breeding greyhounds. Their constant barking keeps us awake. We called in the sanitary inspector because of the smell and they cleaned the place up for a while. Is there nothing else we can do about it?

There is a variety of ways in which you might seek to tackle this problem. You have already alerted the Public Health Inspector; there is also a strong possibility that there is a breach of planning use requirements by carrying on a business at your neighbour's premises. You should consult the planning department of your local authority about this. You can also communicate with the Housing Department in its capacity as your landlord claiming that there is both a derogation from grant and breach of the cove-

### Tax free disposals

Is the £1,000 limit for disposals free of capital gains tax doubled in the case of married couples? How is the limit affected by unit trust disposals?

A married couple is normally treated as "one flesh" for capital gains tax purposes. Disposals of unit trusts count towards the total of £1,000 which is exempt.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

ourite Tarrasch Defence. Nunn got sidetracked into a sharp variation of the English Opening where Quinteros was on familiar ground. Nunn was probably lost as early as move 8, and Black's whole system at move 3 or 4 may need a rethink.

White: M. A. Quinteros (Argentina); Black: J. D. Nunn (England). Opening: English (Lloyd's Bank Invitation 1977).

1. P-QB4, N-KB3; 2. N-QB3, 6. N-PF4, Q-NP; 7. P-Q4, P-QB4; 8. P-K3; 3. P-K4. Avoiding Nunn's intended Tarrasch Defence 3. P-Q4, P-QB4; 3. P-Q4.

The (probably better) alternative is 3... P-QB4; 4. P-K5, N-N1 when 5. P-Q4, PXP; 8. QXP; 7. Q-N4; 8. P-QB4; 9. P-K3; 10. P-Q4; 11. P-QB4; 12. P-K4; 13. P-QB4; 14. P-QN; 15. P-QN4; 16. N-R4; 17. N-B6, R-K1 and Black resigns.

This seems an eminently sensible description of what has been happening. Although agreeing with it, however, I do not accept Sir Frederick's subsequent suggestion that the only corrective was a return to the positive teaching of the Christian faith in schools.

I cannot see why one form of doctrine should be necessary to exclude other forms. I can

not see why children should not which justify their oppressive hand, neither dismissal would

be valid. The liberal approach requires them to live in intellectual insecurity, it is its

members, builds into them a

totalitarianism, the Rightist position, were

therefore Left-wing.

To Marxists, how people see

it is determined by their social conditioning. This, in the

case of upper- and middle-class

Marxists among their students

have been overtaken by a secular

Christian religious faith had

been overtaken by a secular

Marxist influence, particularly

in higher education?

Reports from universities and

polytechnics that the numbers

and activities of committed

Marxists among their students

have been overtaken by a secular

Christian religious faith had

been overtaken by a secular

Marxist influence, particularly

in higher education?

Catherwood, chairman of the

British Overseas Trade Board,

during the Head Masters' Conference in Oxford. It was that

the moral beliefs of the

totalitarians to either side is

the accident of birth. To

the about political and social

organisation.

But the difference goes

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## Motoring

### Tasting the Ford vintage

BY STUART MARSHALL

IT WAS MORE of a car tasting than a car testing day. But Ford, having three new Granadas (2.3, 2.8 and the "S" type), a V6 engined Cortina and a 1.3 litre engined Fiesta to show off in the shortest possible time, could hardly have arranged it otherwise.

There they all were, dozens of new Fords, lined up on the gravel drive of Clandon Park, the Surrey stately home, while the rain poured down as ferociously as it had at the Fiesta launch last January in Monte Carlo.

I don't really enjoy wine tastings, because I can't bear to copy the professionals and spit it out into the sawdust after sloshing it round my teeth. Not wanting to leave horizontally, however, I limit my tasting to half a dozen vintages at most.

Ford-style car tasting calls for a similar self-discipline. Leaping from one car to another every ten minutes means nothing; even half an hour does no more than create a superficial impression. Big scale wine bibbers tell me they really get to know a vintage as they near the end of the first case.

In the same way, I like to drive a car for at least a week before committing myself, and I look forward to doing just that with the new Fords in the coming months—the Granadas especially.

Meantime, here are my tasting notes, which are subject to change in the light of more experience.

Granada 2800 GL Estate automatic. It can't be a coincidence that these big German-made Fords have more than a hint of "S" suspension pack, rather than them. They are pitched at the same market. They have less room, understated interiors, with normal main road motoring speeds feel more, not less, comfortable than the standard kind.

The ride was a pleasant surprise. It has been sharpened and bears no relation to the Granada's resemblance to that of the "S" corners with minimal roll.



Two of a kind. The Granada "S" (nearer camera) has a 120 mph fuel injection engine and Michelin's new super-squat TRX tyres. The Granada Ghia comes with electric windows and central door locking.

first, softly-sprung and, to some passengers, sick-making doesn't feel exactly like Granadas of a few years ago. BMWs, for example—but at least BMW 528 by close to £1,500. The ride feels quite with a maximum of 120 mph, firm, especially on poorly surfaced minor roads, when a little undercuts the roughly equivalent BMW 528. Outwardly, however, I limit my tasting to half a dozen vintages at most.

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## Golf

### Butler, O'Connor quell tempest on Masters day for heroes

BY BEN WRIGHT

IF THE FIRST TWO days of at 58, which by my doubtful Ballesteros, Manuel, while on when he went through the green at Lindrick had been violent in 4 lbs. Pinoero has had rounds elgian Philippe Toussaint, who He dropped another at the 10th by driving into sand and his last blunder came at the 16th, 488 yards and virtually a par six for the last third of the field.

If he was the champion of the lightweights, Christy O'Connor, 52-year-old, struck 68 magnificient blows for the older generation to climb from nine shots behind the leader to just two. O'Connor's scores have been 70, 78 and 69 for a four-over-par total of 217, and the Irishman's performance is particularly advantageous at this stage since he is due to defend the world seniors title against Julius Boros in Virginia on October 9. This remarkable veteran last won this title for the second time 18 years ago, when the Irish finished one-two, three amidst demonstrations of unconfined joy at Portmarnock, Dublin.

For instance, the overnight leader, veteran 45-year-old Ryder Cup player Peter Butler, now a part-time tournament professional, suffered the worst of the weather but clung to his lead by the narrowest of margins. After rounds of 70, 69 and 78 he has a two-over-par total of 215 to take into today's final stanza, but his Australian partner, Graham Marsh, second overnight, was blown away to a 78 and is now tied for sixth place alongside four other players. One of those happens to be the countryman, Bob Shearer, who climbed from 38th place by virtue of the best round of the tournament, a four-under-par 67, that was achieved just before the wind reached its final furious pace and long before the rains came.

Easily the most heroic performance was that recorded by the little Spaniard Manuel Pinero, the short-game wizard who shepherded his countryman, Sevry Ballesteros, to World Cup victory last December and who this season has won the prestigious Panford PGA championship. Pinero has lost three kilograms in weight through experience will be invaluable to him in the season and now weighs in on the morrow, and the older you are dead."

It is fast, but rather buzzy, 2,000 r.p.m. in top represents 35 m.p.h., which means that you don't have to indulge in a lot of gear changing on the open road. The Fiesta 1300 "S" costs £2,844 and the 1300-engined Ghia (which would be my choice) is £3,213.

If that sounds a lot of money for a super-Mini, consider the "limited edition" super luxury Fiesta Custom being offered by Bristol Street Motors Group for £3,900 for the GL and £4,126 for the "S". This is Ford's hot one, with fuel injection, stiffened suspension and Michelin's new ultra low profile TRX tyres on special light alloy wheels. First reaction looks so much like the Cortina (and the Granada now has just the right amount of power assistance and, despite almost identical handling to the Cortina, is still a good car to drive). The steering looks like that even Ford's own people at Clandon managed to mix them up now and again. Under the bonnet is the German designed and made 2.3 litre V6. The 2300 is fast, but rather buzzy, 2,000 r.p.m. in top represents 35 m.p.h., which means that you don't have to indulge in a lot of gear changing on the open road. The Fiesta 1300 "S" costs £2,844 and the 1300-engined Ghia (which would be my choice) is £3,213.

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## How to spend it

## It's all the Raj

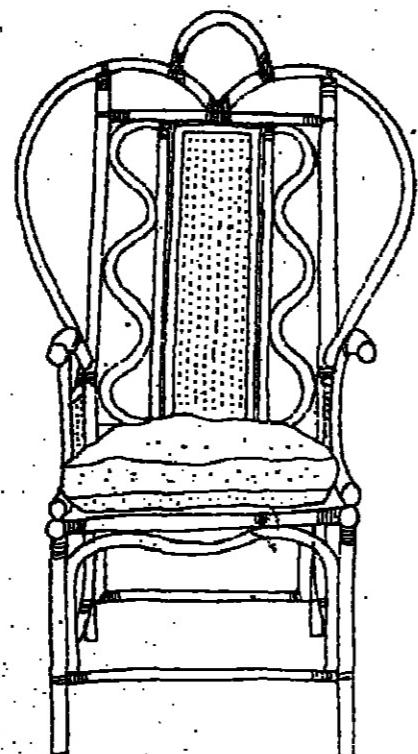
I CAN'T help feeling that all those people from far-away places really don't do the countries they profess to be helping much. Too many of us now associate countries like Ceylon, India, Nigeria and so on—with cheap and cheerful as up to recently matters outside the fine art sphere, have been woefully deprived of things of good quality.

A new shop that opened last week at 306 Grosvenor Road, London SW3, is designed to put that right and to bring us some of the better, and inevitably more expensive, that India provides. John and Jane Gaylor, who lived in India for three years when he ran the J. Walter Thompson branch in Bombay, discovered for themselves that there was a whole host of well-made, interesting and desirable Indian furniture and furnishings, most of which had never been sold in England before.

The shop is called; appropriately enough, "Raj", and though it is small they have tried to convey something of the variety of India offers.

There is cane furniture from Bombay, teak furniture from Rajasthan, pottery from Bihar, wall hangings from Udaipur, delicately carved screens from Uttar Pradesh, and so on, as well as a host of small items, like wooden boxes and desk implements and cushion covers.

Peculiarly like the cane furniture there are numerous sorts of cane about at the moment, but theirs seemed to me to be particularly sturdy and durable. Because every-



thing in the shop comes from local suppliers in India ("no spoof stuff knocked together by the Gaynor's") they can't always be sure that absolutely everything will be in stock but for the moment it is well worth a visit. There is an amazing variety of seating — most of it cane — but in shapes and sizes enough to suit almost every human frame.

There are Numdah rugs in innumerable sizes and colours and of particularly good quality. There are nice strong plain-coloured cottons at very reasonable prices (£3.25 per metre for a quality close-woven enough to be used for upholstery) and there are plenty of small items to please those just looking for presents.

To give some idea of the sort of shop it is here are just two of the pieces of furniture they sell. The Rajah chair is made from cane and has a padded, cotton-covered cushion — it costs about £150 and will be in about two weeks' time. The Sahib chest, which the Gaynor's describe as a "practical survivor from the campaign furniture used by Indian Army officers in the 18th and 19th century," is made from solid teak.

Many a mule, donkey, elephant or horse had to carry them over the hills and mountains. Sahib chests come in varying sizes but this one is 21 inches high by 21½ inches wide and is £110.

## TREMENDOUS FUR REDUCTIONS

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Not detachable to make  
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£2,500  
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Individually crafted pieces, authenticated by the Master Craftsman and branded with the Elyat hallmark of quality, the final endorsement to a living tradition of rare and beautiful cabinet making going back over 250 years. The intrinsic value of each carefully crafted piece will bring a deep and lasting satisfaction to its user, so seldom to be found in today's mass-produced furniture. A permanent display of Elyat traditional hand-made furniture, together with a brochure of the complete collection, can be seen by appointment only. From these, commissions are taken — every piece being to order with nothing from stock. And every piece, being

individually crafted, will differ from its neighbour in such details as selected grain, timber colour and finest points of finish, thus imparting the charm and personality which so distinguishes the Master Craftsman's work from the ordinary reproduction copy. Commissions take time to execute — perfection cannot be hurried and part of the pleasure in final ownership lies in the knowledge that no one can become an owner overnight. For an appointment to visit the Elyat Master Craftsman's display of traditional furniture near Redhill in the county of Surrey, please return the appointment form below and we will get in touch to fix a mutually convenient time.

ELYAT FINE FURNITURE

Appointment Request

Please telephone me to establish a mutually convenient time to view the ELYAT Master Craftsman Collection.

My Name \_\_\_\_\_

My Address \_\_\_\_\_

My Telephone Number \_\_\_\_\_

A convenient time to phone is \_\_\_\_\_

To: ELYAT Fine Furniture Ltd., Les Chênes, Oak Lodge Drive, Redhill, Surrey RH1 5EB

## Whatnots on the wall

I FIND that there are endless places in the house where I can do with small rows of shelves—the cloakroom to house books, hair-brushes, clothes-brushes and the like; the bathroom for holding spare bars of soap, more books, powder and so on. Usually these little groups of shelves are prettiest if genuinely old and I have found them sometimes in junk shops. Now, however, they are becoming disproportionately expensive, so two firms have come up with the idea of producing small groups of shelves to help some of the storage problems round the house.

Sterling Roncroft has some inexpensive ones; they are sold in kit form and the idea behind it is to encourage buyers of the shelves to finish off the wood by using its own product, Roncral.

There are six different designs and prices range from £2.25 for the kitchen roll holder (it takes neatly the standard rolls of kitchen paper) to £7.85 for the two-shelf unit with the small drawer. All arrive in kit form which you have to put together yourself and the sandpaper, glue and dovels needed to do the job are included in the kit price. You will also need a hammer, some varnish and a brush.

The wood is all pine and though I would recommend using clear Roncral to finish them off, those who prefer a darker look can use Ronseal Woodshades in darker colours, or alternatively they can paint them.

For details of the shelves and at all, another company thought

a clearly illustrated leaflet with a much smaller one. Ourselves, supplies rather similar-looking addressed envelope to Sterling shelves, but in completely Roncroft. Price £28.00, finished form. All you need do Chapeltown. Sheffield S30 4YF. once they have arrived, is to if do-it-yourself isn't your line unpack them and put them up on.

the wall—the brass hanging

Ourselves also offers a choice plates and screws or the pair of woods—some of the shelves are in natural pine, some in mahogany and one pair, sold at £6.05.

4 pairs are in black lacquer.

The designs are fairly similar to those produced by Sterling. Naturally, as these shelves are complete, and are well-finished, they are considerably more expensive. Prices start at £29 and go up to £44.50. For

the plain but one design which is 42 inches wide at 1.56 inches high does offer "glossy" lacquer shelving.

## Waterway wares

EVERY YEAR, or so it seems, the British Waterways Board owns most of the navigable canals in England, Scotland and Wales and is in charge of navigation for some of our rivers, like the Trent, the Severn and the Lea.

In 1962 it seems to have done a great deal to restore hitherto neglected canals to us and to re-kindle our awareness of just what waterways and canals have meant not only to those who live in the country but to Londoners too.

Many people may not know

that they have opened a canal

shop (which is also an Information Centre) at Melbury House,

Melbury Terrace, London NW1 6JX.

It is very conveniently

placed, being adjacent to Marylebone Station.

Here you can buy not only a

large selection of books on the

canals, both practical, informative and historical, but also some

modern examples of canal art.

The traditional patterns that

bargees used on their ware

were usually based on roses,

though castles, too, were popular,

and these traditional designs are

still used for decorating water

cans, stools, plant pots and the

like.

Watercans are, perhaps, the

most traditional implement of all

and they can either be bought

ready-decorated or can be com-

misioned to include a name or

greeting. There are three sizes

— a three-gallon size is £1.40,

by Lucia WOODS POST



Above: three-shelf parana pine unit from Sterling Roncroft. It arrives in kit-form and needs to be sanded down, put together and sealed. 24 inches high by 25 inches wide by 4½ inches deep it is £6.05.



Above: three-shelf unit from Ourselves. It arrives in kit-form and needs to be sanded down, put together and sealed. 24 inches high by 25 inches wide by 4½ inches deep it is £6.05.

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# Travel

## Colour of the Irish

BY PAUL MARTIN

JUST OVER a month ago I visited Connemara for the first time and had the good fortune to see this majestic landscape under ideal conditions. I feel that you never really see the sheer grandeur of mountain scenery at its best under a cloudless sky. It is during those soft Irish days that a hazy sun and scurrying low clouds create a true sense of awe, a shaft of intense light suddenly revealing a patch of green in vivid contrast to the misty blue of the surrounding mountains.

That first introduction was impressive enough but next day, when the sun shone brilliantly and the sky was flecked with high puffy clouds, the colours of Connemara made an even more vivid impact. Never, even in the Caribbean, have I marvelled at such multi-hued sea, the intense blue giving way to aquamarine and turquoise, the copper-coloured sand and the brilliant yellow of the gorse and, at the sides of the roads where dry-stone walls followed zig-zag patterns up the barren lower slopes, montbretia and fuchsias were growing in wild abandon.

The settlements, dotted along the stretches of open sea beauty, are clearly marked and the loughs, are scattered there should certainly not miss the Sky Road running out over the gorse and, at the sides of the roads where dry-stone walls followed zig-zag patterns up the barren lower slopes, montbretia and fuchsias were growing in wild abandon.

Connemara also provides surprises as the giant boulders, which make this a place of wild and savage beauty, suddenly give way to the green turf of the 18-hole Connemara Golf Club.

A weekly individual ticket costs £7 but, even staying near there on holiday, a family of four golfing enthusiasts would save by taking out a family subscription for £30. Non-golfing members have a magnificient beach in sight of the course.

I was revelling in the pure air and the complete lack of pollution with no sight or sound of an aircraft when I noticed a signpost to the Aleck and Brown Memorial.



Clifden, the unofficial capital of Connemara

It was put up exactly 40 years ago and those in search of menu, there was the welcoming after the two pioneer airmen salmon-trout or brown trout, or scent of peat fires in the grates had made that first historic transatlantic flight in 1919. In their element in Connemara, all are even in August. The inclusive rates based on two sharing from £11.50 to £13.50 according to the number in the whole area, there is season and I can most certainly recommend it. Incidentally, the roads where dry-stone walls and is set high above the bog mon-trout fishery in the grounds of Klemore Abbey. Here the bed when De Gaulle turned up rates are £4 per rod per day or there some years ago! £10 for a week.

Galway, the main approach to Connemara, is roughly the same distance from Dublin as the public, is a multi-national girls' boarding school run by Benedictine Sisters and, in that road is relatively dull. I took setting of serene tranquility, the car over and back on the Swans-Cork route on which they plan to reflect Kylemore's international character by building a new ecumenical church.

Ballynahinch Castle Hotel, open during the salmon fishing season, has extensive rights and missed as frenetic hyperbole on the rates based on two sharing a room with private facilities and including full board, currently 13 a day. The fishing rates vary according to season with a maximum of 16 per river beat per day in June, July and September.

ADDRESSES:

Killary Harbour, seemingly a fjord transported from Norway's West Coast, and the ease with which you can go out for the day from Cleggan to Inishbofin or from Rossaveal to the Aran Islands and there is certainly little place with plenty of accommodation at all prices and a good base for touring. The Celtic Hotel, which charges £65.50 for demi-pension for a week in a room with private facilities, also arranges shark fishing at around 10 per rod per day.

When it comes to fishing, you name it and they will tell you where to find it. Salmon fishing.

Your week-end pound: Austria 225; Belgium 61.50; France 8.85; Italy 15.50; Greece 82.75; Spain 143.75; Switzerland 14.50.

## It's the best eating place for a thousand miles.

You're going to enjoy this. What she'll do is, she'll bring the roast beef - pardon me, le contre-filet de boeuf rôti - she'll bring it right up here to our table, and she'll carve it for us, on the spot.

The Burgundy's pretty good, isn't it?

Did anyone see what the film is going to be?

Oh, never heard of that one. I see, a pre-release.

Aren't you glad we came Pan Am First Class? **PAN AM**

Pan Am's People. World's most experienced.

# Gardening

## Which is the bliss of solitude

BY ARTHUR HELLYER

IT IS strange to think that a hundred years ago British gardens did not break out each deeply concerned with in-spring in what one unkind critic has rudely called a yellow rash of daffodils but which I prefer to think of as thousands of rich golden carpets. It could not happen because the daffodils that made it possible had not been created. In some fields and woodlands there were wild daffodils in March and in gardens there were richly scented Jonquils and a few other narcissi with relatively small flowers. But the host of magnificent garden varieties which we take for granted today were yet to come.

This is one of the romances of gardening, a fairy tale of success which so rapidly increased the size of bloom, quality, range of form, and colour of the daffodil that it became a major commercial cut flower as well as one of the best of all spring bulbs for British gardens. For, unlike tulips and hyacinths, both of which prefer warmer weather than we can usually supply, most (but not all) daffodils enjoy a cool, moist climate. They also grow well on the stiffer clay soils which are so common in England and will go on thriving for years with little loss in quality. I have drifts of daffodils naturalised in rough grass forty years ago and still flowering quite well.

They would now be better for a move but the work involved would be colossal and so they will stay where they are. Some

are very old varieties such as Bath's Flame, Emperor, Lucifer,

Yellow Poppy and White Lady

and it is instructive to compare

their rather skinny flowers with the sleek giants we possess to-day. Nevertheless they already begin to display the developments in colour and form which have been "carried" so much further in the last 50 years.

Like all man-made flowers, daffodils have attracted two types of growers with very different aims. On the one side

it is essential to put most potted daffodils outdoors in a cool place

for ten or 12 weeks before

bringing them out into a warm

greenhouse or conservatory, where it is easy to

flower them by Christmas, but

they are not satisfactory out-

doors except in the mildest

golden trumpets in early Feb-

ary and *Narcissus poeticus* in

the first fully hardy daffodil

to open, often cheerfully

in cool autumn and winter

conditions, which is why

they suffer for their precocity

and their young leaves and flower

buds that are at risk. So these

are ideal varieties to grow in

pots in a greenhouse or conservatory, where it is easy to

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## OVERSEAS NEWS

# Japanese ransom aircraft takes prisoners to Dacca

A SPECIAL airliner carrying a \$6m. ransom and six freed prisoners left for Dacca today in a near deadline move to meet the demands of Japanese Red Army hijackers who are holding 141 hostages in the Bangladesh capital.

The Japan Air Lines DC-8 departed from Tokyo's international airport shortly after 6 a.m. (2100 GMT Friday) on a direct flight to Dacca.

A total of 76 people, including six of the nine prisoners whose release was demanded by the radicals, were on board the airliner which is expected to arrive in Dacca at 0520 GMT following the eight hour and 30 minutes flight.

The ransom that the Japanese Government agreed to pay was all in \$100 bills. It was put aboard the plane, parked in spot No. 22 in the airport's departure section which is normally reserved for aircraft carrying departing foreign and Japanese dignitaries.

Also on board the plane was six tons of food, clothing, cosmetics and first aid kits. The food included Japanese rice and dried seaweed, canned fruits and a case of Scotch whisky.

The six freed prisoners, including two men who are not associated with the Red Army, were brought to the airport more than one and a half hours before the plane's departure, and underwent

**More overseas news**  
on Page 19

the hijacking incident to take responsibility for the release of prisoners held in Japanese jails.

His resignation is understood to be in protest against the Cabinet decision which he opposed from the outset. There was no word from the Prime Minister's office this evening whether the Justice Minister's resignation would be accepted, but it is expected to become the focal point of what promise to be a long post-mortem to the hijack incident.

Japanese newspapers and television have given the Red Army hijacking blitz coverage since the JAL plane was taken over by five terrorists after leaving Bombay en route for Bangkok on Wednesday. Officials, as well as much of the Japanese public,

are relieved that the plane has been released without injury to passengers or crew.

Japan's Foreign Ministry has issued a statement saying that the Japanese government "will do its best to ensure the safety of Japanese citizens abroad."

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## Asghar Khan on standby pending army broadcast

BY SIMON HENDERSON

ISLAMABAD, Sept. 30.

AIR MARSHALL Asghar Khan, the most prominent of the politicians campaigning against Mr. Bhutto, Pakistan's former Prime Minister, unexpectedly announced to-night that he was calling all political engagements for the next 18 days. His statement (released in a brief note to the Press), has prompted speculation that the army is planning a new political initiative.

General Zia-ul-Haq, the military leader, is to address the nation to-morrow in a broadcast. His remarks yesterday foreshadowing a postponement of the general election scheduled for October 18 have been welcomed by another leading member of the Opposition, Mr. Sherbaz Mazani, who has a strong following in the provinces of Baluchistan and the Northwest Frontier. "If the party is not allowed to use the ballot," she said, "there will be a revolution of the country before long."

## No sign of progress in MBFR talks

BY REGINALD DALE

VIENNA, Sept. 30.

THE THIRTEENTH round of numbers of troops confronting each other in the area in which reductions are to be negotiated — Poland, Czechoslovakia and East Germany on the Warsaw Pact side and West Germany and Benelux countries in the West. The West has reserved its position over Hungary, but it will almost certainly not be included.

The West has admitted to total forces of 930,000 in the area, including air forces. The East says its forces total just over 887,000 — a figure which the West claims is too low by at least 150,000.

The duelling over figures is a key element in the negotiations as the East claims there is no disparity in force levels, while the West insists that the Warsaw Pact has a clear numerical advantage. Both sides repeated their demands here this morning — with the East calling for equal percentage reductions on both sides, on the assumption that "parity" already exists, and the West demanding a greater reduction by the East to even out the current imbalance.

But the general feeling here is that progress in MBFR can only be made if the general political climate is improved by the success of other East-West negotiations.

## ance predicts US.-Soviet statement on Mideast talks

BY DAVID BELL

WASHINGTON, Sept. 30.

THE UNITED STATES and the Soviet Union may soon make a joint statement about a new Mideast conference. Cyrus Vance, the Secretary of State, said to-day amid further signs of a new burst of co-operation between Washington and Moscow.

Mr. Vance said the statement did not say that there was going to be a new conference but did deal with various practical issues. "Both of us are very strongly that we'd use our utmost efforts to get about a convening of the Mideast conference before the end of this year," Mr. Vance told reporters in New York as Mr. Andrei Gromyko, the Soviet Foreign Minister, stood next to him.

Mr. Vance's remarks appear to indicate that the Soviet Union have agreed to put pressure on the Palestine Liberation Organisation as part of the intensive diplomatic effort to find

## Schilling under pressure

By Paul Lendvai

VIENNA, Sept. 30.

THE AUSTRIAN schilling has come under heavy speculative pressure this week. Banking sources have indicated that Central Bank external reserves this week fell by "well over" Sch.4bn. (about £140m.) after having fallen Sch.1.95bn. the week before.

Tokyo's early agreement to the Red Army's demands, however,

contrasts starkly with the long delays in actually mobilising the ransom money and prisoners. Certainly, observers here think it could all have been accomplished within 24 hours.

Daud Majlis Khan writes from Dacca: The hijackers released five more hostages to-day, bringing the total number of hostages released since yesterday to 10.

Those released to-day include an Egyptian couple, an Indonesian, a Japanese woman and a Pakistani. All five were taken to the nearest hospital, suffering from nervous exhaustion, fatigue, dehydration or fever.

Bangladesh authorities are enforcing strict security measures at the airport. The main airport building except for the ground floor has been barred to all visitors. Those coming in to the ground floor are being checked and double-checked.

The hijacked aircraft is still standing at the same spot on an unended runway and is being provided with power for its air conditioning and other power needs by a ground power unit. Food, water and sanitation facilities are being provided by the Bangladesh authorities, both to the passengers and to the hijackers of the aircraft.

Trimming

The objective was to reduce inflation to 12 per cent by next March and to 8 per cent by the end of 1978. Preliminary figures released to-night indicated that

Italy would register a balance of payments surplus next year.

Sig. Stammati confirmed there had been some major last-minute

trimming of departmental esti-

mates for 1978, although they did

## Italy aims for 'reflation without inflation'

BY PAUL BETTS AND DOMINICK J. COYLE

ROME, Sept. 30.

LIMITED refractionary measures not affect vital sectors like agriculture. However, until firm comparative figures are available, it will not be possible to know if ceilings on public sector spending and total credit expansion next year imposed on Italy by the International Monetary Fund have been honoured.

These ceilings, incorporated in Italy's letter of intent at the time of a further Italian drawing from the fund last April, are known to have been the subject of recent informal negotiations between the Government and the IMF, and some "concessions" are understood to have been made, particularly concerning the level of State spending.

The Treasury Minister, Sig. Gaetano Stammati, said later the budget was "severe." But although public spending had been contained to the utmost, there were provisions to stimulate the weaker sectors of the economy, he said.

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Following some swinging in-

## OECD plan to monitor world steel

By Robert Mauthner

PARIS, Sept. 30.

THE SPECIAL steel crisis committee of the 24-nation OECD agreed to-night to set up a monitoring system to study the problems of the world steel industry.

A communiqué published at the end of a two-day meeting of the committee said that the international data which will be collected under this system should permit the member Governments to follow closely, and on a continuing basis, current and long-term trends in the steel industry, and help them to work out appropriate solutions.

The OECD Secretariat has been instructed to prepare a report on how this data should be collected and used.

The committee did not, however, come up with any immediate solutions to the world steel crisis and the U.S., Common Market and Japan continued to disagree on the steps that should be taken.

Neither the Nine EEC countries, nor Japan were prepared to give the U.S. an undertaking that their steel would not be sold on the American market at what the U.S. considers to be dumping prices.

The U.S. delegation, under strong pressure from the powerful steel lobby in Congress, said the Common Market minimum price system has led EEC countries to sell their

other outlets, particularly in the U.S., where they can sell steel at lower prices than the internal Community floor.

programmatic accord in the wake of last year's inconclusive general election. Thus, the Prime Minister must win broad opposition agreement for the budget before it is actually presented to Parliament. The Government is also restricted considerably by the undertakings it gave the IMF.

Following some swinging in-



## Astrologers say stars rule our lives

### Is science proving them right?

In this Sunday's Observer Colin Wilson claims that astrology may not be as far-fetched as it seems.

Why are more doctors born under Mars than any other planet? Why should so many Pisceans be so emotional? Why do the astrological birth charts of most great men form pleasing symmetrical patterns, when yours and mine produce an arbitrary mess?

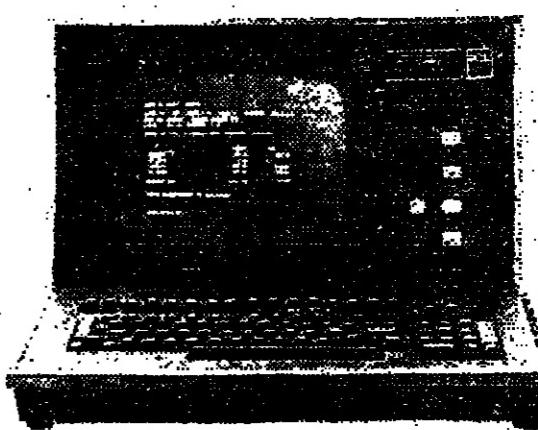
Coincidence? Or do the planets really

affect us from the very second of birth?

In this Sunday's Observer Colour Magazine Colin Wilson examines how computers are putting astrological theories to the test - with results that chance simply can't explain. He began a sceptic. Now he's not so sure.

Now check your horoscope.

From this Sunday Colin Wilson will be compiling a horoscope for Observer readers every month.



## THE OBSERVER

looks ahead of the times

10/10/1977

# £19m. Yemen contract won by Britain

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

A £18m. CONTRACT to build a new airport in the Yemen Arab Republic has been won by Costain International and Amey Roadstone Corporation.

The work has been awarded by the Yemen Government, and since then the project is being financed by the Iraqi External Development Fund.

The new airport, at Hodaidah, will include a 3,000-metre runway with aprons, taxways and service roads, as well as a control tower, technical buildings and fire station. The electrical and airfield control installations are being undertaken by Cable and Wireless under sub-contract to the joint venture.

It is the first time that Costain and Amey Roadstone have teamed up on contracts abroad. At home, they are co-operating on the development of the Sixth Lands Airport.

A spokesman for Costain, which now has about 70 per cent of its £850m. annual turnover accounted for by overseas work, said that work on the Hodaidah

# Packer 'may hold super Tests in England'

BY MICHAEL THOMPSON-NOEL

MR. KERRY PACKER, the man who wants to revolutionise world cricket, told a High Court Judge in London yesterday of his world Test plan.

His super Tests, said Mr. Packer, an Australian press and television entrepreneur, had proved enormously interesting to the world's top players. If his English stars were banned from first-class cricket he might stage super Tests in England.

Mr. Packer was giving evidence on the fifth day of an action by former England captain Tony Greig, the Gloucestershire captain Mike Proctor, fast bowler John Snow and Mr. Packer's com-

pany, World Series Cricket Pty., against the Test and County Cricket Board and the International Cricket Conference.

They seek orders preventing the TCCB and ICC implementing proposed bans on Packer players from Test and county games.

Mr. Packer told Mr. Justice Slade that it was never intended that English players should be banned from their own summer season matches.

They can play in Brighton in winter if they like—I don't care what they do in the English cricket season."

He emphasised that he had tried to make it clear to the TCCB that he had no wish to

interfere with cricket in England. Nor would his own Tests clash with the "official" Tests organised by the Australian Cricket Board in Australia.

He regarded the TCCB's proposed ban as unreasonable, unjust and a denial of cricketers' rights.

Any suggestion that he would not exclusive television rights for Test cricket was "disingenuous."

"In no way was I going to let down the players who had put their faith in us."

He added: "My father used to sponsor the American Cup in England if someone gave a contribution to the arts no one raises an eyebrow; but if you give to sport some people think you are crazy."

The hearing continues on Monday.

# U.K. plea over oil boundary row with France

BY RAY DAFTER, ENERGY CORRESPONDENT

THE GOVERNMENT is expected to ask an international arbitration court to re-examine in order to settle a new dispute over the U.K./France offshore oil boundary.

An attempt to obtain a settlement in talks with the French Government has failed. In a Note to the British Government, French officials said they disagreed that a map-making error had altered the court's original decision.

Robert Maunthorpe, wife of Foreign Minister, argued that the court's ruling is binding and that there should be no appeal against the findings, though the U.K. can object to an interpretation of its judgment.

Privately, however, some French oil experts recognise that there is some foundation for the British arguments.

So far, France, which has not discovered any oil in its territorial waters, has granted oil exploration permits "up to the demarcation line" without, however, specifying where the line lies.

# Champion drops U.K. factory plan

BY JOHN LLOYD, INDUSTRIAL STAFF

THE U.S.-OWNED Champion group has withdrawn from negotiations on building a windscreens wiper factory in Sunderland.

Tyne and Wear Council confirmed yesterday that the company had decided to put the factory in Labour, Belgium.

The council said that the Sunderland factory eventually would have employed about 1,400 workers, and that a 20-acre site on the Castlewood Industrial Estate had been earmarked.

Talks had been going on "for some months," and were well advanced.

The Department of Industry confirmed last night that the council had been in contact with Champion, but said no precise figures had been discussed.

There had been absolutely no indication of Champion favouring the Sunderland site and its decision to settle for Belgian head-quarters in Toledo, Ohio.

The Department of Industry had talked in

terms of millions, the Belgian Government had offered an better incentives.

Blast of these statements was denied by Champion last night.

It said that Tyne and Wear was one of half a dozen authorities in Labour, Belgium to which the company has spoken in the J.W. and that most discussions had lasted two hours.

They had been absolutely no indication of Champion favouring the Sunderland site and its decision to settle for Belgian head-quarters in Toledo, Ohio.

The Department of Industry had been in contact with Champion, but said no precise figures had been discussed.

For houses up to £12,000 average price increases reach just over 3 per cent, in the last three-month period and review, the inquiry shows.

For homes between £12,000 and £20,000, the increase was slightly higher, while an average 2.5 per cent increase was reported for properties between £20,000 and £35,000. Homes over £35,000 were calculated to have risen just under 2 per cent.

The latest survey by the Incorporated Society of Valuers and Auctioneers confirms the agents' views that no dramatic spiral in prices is expected unless the Government "loses control of incomes." If that happened, market prices could escalate at any time.

The agents say there is no doubt that confidence has returned to the domestic property market. Prices, they report, are rising and seem likely to catch up with and keep abreast of predicted rates of inflation.

The number of houses on the market at the end of August was, however, found to be just over 9 per cent less than at the time of the last inquiry in May.

Because of the reluctance of potential vendors to put their properties on the market in the year—according to the Tourist Authority figures.

People from abroad account for nearly one-third of all visitors to historic properties during the year.

Few agents share this view.

Stately homes draw tourists

OVERSEAS TOURISTS made 14.5m. visits to Britain's stately homes, historic houses and gardens and ancient monuments last year—an increase over 50 per cent on the previous year—according to the Tourist Authority figures.

People from abroad account for nearly one-third of all visitors to historic properties during the year.

Few agents share this view.

Steel and Callaghan meet

By Richard Evans

MR. JAMES CALLAGHAN, the leader of the party, in Brighton this morning, formally presented his resignation to the Prime Minister's office.

For Mr. Callaghan, the meeting in his Naphouse suite at the headquarters of his party's office, was a casual continuation of the Lib-Lab pact which is to bring the Prime Minister's minority administration in office.

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**TEXT OF CALLAGHAN'S LETTER TO RON HAYWARD**

# U.K. can help improve EEC by staying in

THE FOLLOWING is the text of yesterday's letter from the Prime Minister to Mr. Ron Hayward, secretary-general of the Labour Party, on the Common Market issue:

Dear Ron,  
I am writing to you about the statement and background paper on the European Community which the National Executive Committee has prepared.

The Government has never seen the Community as a static organisation and, as you know, we have been examining the workings of the Community in order to form a long-term perspective on the areas where reform and change are required in the Community. Such a perspective would provide the framework for future policy.

I begin by saying that the real long-term effects of Community membership cannot be properly measured because this period has coincided with a five-fold increase in oil prices and the worst world recession in 40 years.

I do not think that enough weight is given to this coincidence, when we measure the dissatisfaction felt in Britain about the effect of membership. But equally I am in no doubt that our policies are correct.

The renegotiation of 1974-75 showed that it was possible both to be critical of the present structure and yet work within the Community to improve it. Indeed, in certain key areas renegotiation was not simply a matter of proving the terms of a better Community—the policy is best designed to promote our interests or may work counter to our concepts of how Britain and Europe should develop.

Let me say straightforwardly that the solution to these problems would not lie in Britain's withdrawal from the European Community and I welcome the fact that the NEC statement does not propose this.

Such a policy would be too facile because it would ignore both the contribution which the Community has made to healing old divisions and also the immense political and economic effect of such a drastic step on the future of Britain.

Withdrawal would cause a profound upheaval in our relations with Europe but also more widely—and particularly in our relations with the U.S.

There could be serious consequences on the policies of important allies such as, for example, the Federal Republic of Germany, which has long made membership of the Community, with Britain as a full member one of the cornerstones of German foreign policies.

## Tensions

There would be a risk of increasing tensions in East-West relations. It might well have adverse impact on the development of the new democracies in Portugal, Spain and Greece, all of whose governments are seeking to strengthen their democratic commitment through membership of the Community.

We are pledged to do all in our power to help sustain the new found freedoms of these countries and I do not doubt that earnest in the Community would awaken seriously the forces of democracy there.

Political co-operation between the Nine, closely linked with the Community, activity has recently made considerable progress. The Nine are working together to influence South Africa to abandon apartheid, including a new code of conduct among our level of unemployment, our issues as trade low productivity and investment



Mr. Callaghan discussing policy yesterday at Brighton, where delegates are assembling for the Labour Party conference.

the structural weakness in the British economy.

Some of these problems predate our membership and will need a continued national effort to overcome them. We must put our own house in order, and in doing so, we should ensure that we are not hindered by our membership.

But we can also work to shape the policies of the EEC so that in serving the interests of all its members they will also be complementary to the policies of a regenerated British industry and revitalised British economy.

Our main purpose should be to define our aims and objectives to prove the terms so that the British people can see clearly that Labour's create a better Community—the policy is best designed to promote their interests inside the

**The task before the Government and the party is to produce a long-term perspective for reform and change within the Community.**

Third World States being an example of such a development.

The task now before the Government and the Party is to produce a long-term perspective for reform and change within the Community. It should be possible for us to agree on the areas in which improvements and reforms are needed and to work out in some detail the specific objectives we should set.

For such a policy to succeed we shall also need to convince eight other Governments, all with their own perceptions of the future of Europe and with their own national interests to defend.

I suggest that we must avoid the political nationalism which would disregard the ideas and experience of other European Democratic Socialist Parties or which would treat their experience as some inferior brand—not to be confused with the genuine British article.

Now should we be party to attempts to make the EEC a scapegoat for all our national ills. It is certain that we would not carry conviction for a programme of reform among other members of the Community if we begin by blaming the EEC for all or most of our inflation, our level of unemployment, our low productivity and investment

in seeking collaboration on major research projects.

We shall need to uphold British energy policy will be of fundamental importance to the U.K. and to the Community as a whole. There are a number of ways in which a common energy policy could be to our joint advantage and could also help Britain to put our resources to the best use, for instance in planning the future of our coal industry and in seeking collaboration on major research projects.

The development of a Community energy policy.

Energy policy will be of fundamental importance to the U.K. and to the Community as a whole. There are a number of ways in which a common energy policy could be to our joint advantage and could also help Britain to put our resources to the best use, for instance in planning the future of our coal industry and in seeking collaboration on major research projects.

Enlargement of the Community

The Government and the party have always supported the concept of enlargement. We have a strong political commitment to the support of democracy in Greece, Portugal and Spain, and the Community should use its democratic political strength to buttress these new democracies.

The dangers which some have

by no means exhaustive either in total or content. For example, we are already making strenuous efforts to a acceptable Common Fisheries Policy. But the objectives I have set out above will indicate the general stance that the Labour Government would adopt within the Community.

My aim is to conduct a policy of reform consistent with whole-hearted membership which would enjoy a great deal of support from our people; namely, a proper promotion of British interests combined with a positive direction in which the Community could move effectively.

The knowledge that these are our objectives would be known to the other members of the Community and would guide the direction which our efforts within the Community will take and against which proposals for future policy would be considered.

Provided we are ready to fulfil the obligations of membership we have undertaken, for example, in the matter of direct elections, our general stance could bring no accusations of lack of cooperation.

The National Executive Committee has made an important contribution by producing its own analysis. Conference will hope to have the opportunity to express its views. Following conference I propose to invite the National Executive Committee to discuss with members of the Cabinet with a view to drawing up an agreed statement which would be the basis of Labour's future policy towards the Community.

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The knowledge that these are our objectives would be known to the other members of the Community and would guide the direction which our efforts within the Community will take and against which proposals for future policy would be considered.

Democratic control of Community business

We should try to define categories of Community legislation and develop greater parliamentary control over those categories which we would otherwise have considered appropriate for Parliamentary legislation.

We must also improve the flow of information about the Community to Parliament and to the public as part of the process of improving the scrutiny procedures which the Government have established. There is need for greater openness in Community procedures including the holding of some council debates in public.

Attainment of economic, regional and industrial objectives

There is concern about how much freedom any individual Government has within the Community rules to plan its own industrial and regional strategy and intervene in industry to fulfil its industrial objectives.

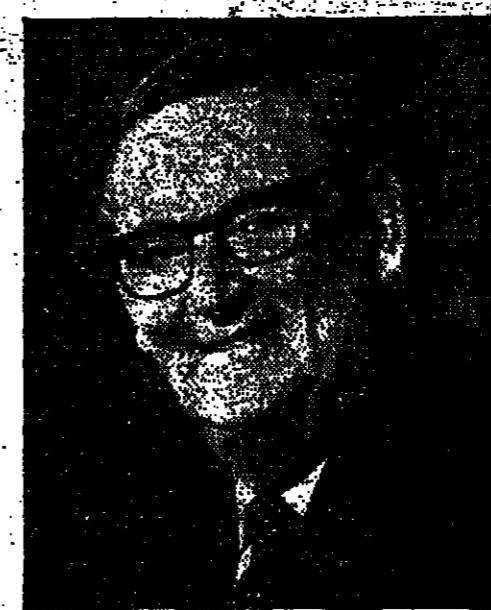
On the other hand, with the help of the Commission the experience of a number of Governments, including our own in the matter of British Leyland, Chrysler, Meridian and Alfred Herbert, suggests that fears are exaggerated and we have of course benefited from things like the Social Fund.

Nevertheless, there is need for constant vigilance on these matters and a need for discussion with other Socialist and like-minded parties as well as governments, on both industrial planning policy and the related problems of regional development and unemployment.

Reform of the Common Agricultural Policy

We should work to develop a four-year structural plan to secure a substantial reduction in surpluses and to maintain restraint on prices so that they are held to the minimum necessary for efficient production to the benefit of our consumers.

World prices must be taken more fully into consideration and greater scope given to competi-



Mr. Richard Tompkins, Chairman.

## GREEN SHIELD TRADING STAMP COMPANY LIMITED

Abridged particulars from the Directors' Report and Accounts for 1975-76 presented to the Shareholders at the Annual General Meeting on September 30, 1977.

### Consolidated Profit and Loss Account

	52 WEEKS ENDED NOV. 5, 1976 £'000's	52 WEEKS ENDED NOV. 5, 1975 £'000's
Turnover	77122	68760
Profit before taxation	3291	2186
Taxation	1872	1300
Profit after taxation	1419	886
Dividend	300	—
Retained profits	1119	886

These results reflect the expected increase in Group turnover and improved profitability which were foreshadowed in last year's report.

### Consolidated Balance Sheet

	NOV. 5, 1976 £'000's	NOV. 5, 1975 £'000's
Capital and Reserves		
Share capital	100	100
Retained profits	2810	1691
Deferred taxation	4803	3108
	7713	4899
Redemption provision	35131	31962
	42844	36861
Fixed assets	7582	6864
Investments	30715	25546
Net current assets	4547	4451
	42844	36861

These figures reveal further strengthening of the Group's overall financial position, the increased figures for fixed assets and investments being particularly noteworthy.

## GREEN SHIELD Stamps

Regarding current trading and future prospects Chairman Mr. Richard Tompkins reported:

"Reduced stamp revenue following Tesco's decision not to renew its contract with Green Shield has had a temporary adverse effect on the company's profit prospects, which will no doubt be reflected in the figures for the current financial year ending on 5 November, 1977."

"Much has already been done, however, in restructuring the Group to meet its new situation generally and the changed geographical spread of business in particular, including a necessary streamlining of the company's redemption facilities in those localities where our market was dominated by Tesco."

"In the past seven days, the nation's media has published news of the steps we are taking to strengthen our trading position. Foremost among these is the appointment of Mr. Tom McAuliffe as chief executive and joint managing director. Mr. McAuliffe returns to Green Shield, where first he made his mark as a man of considerable resource and commercial stature."

"During the past four years, he and Mr. Joe Phillips (as joint managing directors of Argos Distributors Ltd, an associated company) have taken the Argos catalogue showroom business to a current annual turnover of £50,000,000, from which Green Shield continues to benefit under the terms of the inter-company merchandise agreement."

"I have every confidence that, under Mr. McAuliffe's leadership, Green Shield's new marketing strategy will quickly gather momentum, and that the recently-launched Fair Deal for motorists, our cash and stamp innovation, to be unveiled shortly; and other plans on which we are now working will soon put more power into the Green Shield Trading Stamp Scheme, leading to higher turnover and restored profit prospects."

## We'd like to reintroduce a familiar old friend.



Or the former Nippon Fudosan Bank, as you have known us for decades. From Oct. 1st, 1977, we changed our name to Nippon Credit Bank—the new name being a more accurate reflection of our position as one of Japan's three long-term credit banks.

But the nature of financial services we provide remains the same. As a leading lender and advisor to Japan's major corporations, we can help you achieve excellent results when doing business with our country. Abroad, we have been coordinating financing and planning for industrial and commercial projects around the world.

Nippon Credit Bank. A new name for a familiar old friend. A new name to remember for efficient, knowledgeable growth-oriented banking services.

## Nippon Credit Bank

Formerly Nippon Fudosan Bank

Head Office: 13-10, Kudan-Kitai 1-chome, Chiyoda-ku, Tokyo 102, Japan. Tel: 03-263-1111 Telex: J26921, J28788 NCBTOK  
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New York Branch: 2 Wall Street, New York, N.Y. 10005 Tel: 212-283-8787  
Telex: 129229 NCBNYK (Domestic), 232496 NCBN UR, 423621 NCBN UI (International)  
Los Angeles Office: 800 Wilshire Boulevard, Suite 1460, Los Angeles, California 90001 Tel: 213-629-5366 Telex: 574 377 NCBLAX  
Frankfurt Office: Niedenau 61-63, 6000 Frankfurt am Main, F.R. Germany Tel: 0611-72 56 41/2 Telex: 413387 NCBFFM  
Beirut Office: 10th Floor, Centre Verdun Bldg., Dunant St., Beirut, Lebanon Tel: 341474/5 Telex: 22194 NCBRBT  
Affiliates and Associated Banks: Banca Internazionale di Investimenti S.p.A., Rio de Janeiro  
P.T. Private Development Finance Company of Indonesia, Jakarta, City Bank, Hawaii

## Hoare Govett talks to the private investor

In addition to our services for corporate and institutional clients, we also offer a personal service to private clients for portfolios of varying sizes.

Our Private Clients Department has access to the same expertise and extensive research facilities available to our corporate clients, which we provide without a management charge.

If you are a private investor managing your own portfolio, or a professional adviser to investors, you should know that we are making this aspect of our business an even more important part of our present and future policy.

For further information, write to R. West, Director in charge of Private Clients, at the address below.

Hoare Govett Ltd,  
Heron House,  
319a High Holborn,  
London WC1V 7PB

Yours sincerely,  
Jim Callaghan

Saturday October 1 1977

## Problems of success

THE RECORD set only a week ago for a single day's rise in world trade to gild-edged values did not stand resume the use of sterling for long. Yesterday much the financing third-country trade, a same combination of circumstances — foreign investment practice suspended at the height of the crisis last year, demand, combined with the absence of any new official issue — produced a still sharper rise, and the weight of demand compelled the jobbers to suspend trading for a short time, thus establishing another new record. Investors who bought the last part-paid issue have seen a profit of more than 40 per cent. in a matter of weeks. This unprecedented adjustment must leave investors with a mixed feeling of exhilaration and vertigo.

### Weak dollar

The reasons for these events are perfectly clear: renewed confidence in U.K. economic prospects, coupled with increased disillusionment about the dollar. The weakness of the dollar has already posed problems for monetary authorities in several countries: Switzerland, for example, was forced to take further measures against speculative investment in the franc during the past week.

The U.S. policy statement at the IMF meeting in Washington, pledging more rapid expansion, did nothing for confidence, and a decidedly bearish survey from Morgan Guaranty, forecasting still bigger deficits and a weak dollar, seems to have been the immediate provocation for the new wave of buying.

For the immediate future, the authorities can continue to take a relaxed attitude to the market's enthusiasm, with heavy calls still to come on existing part-paid stocks, and the growth of the money supply at the bottom of its permitted range, there is no immediate pressure to fund all the way up a bull market, as has been the practice in recent years. Further large issues will certainly be needed to finance the huge growth in the official reserves, but every week seems substantially to reduce the prospective cost.

Once one looks ahead more than a few weeks, however, it can be seen that success poses its own dilemmas — problems which are causing acute official debate at the moment. We are managing a strong pound with a regime designed for a weak one.

There are very broadly two options — adjust the system to cope with what looks like long-term strength for sterling, while maintaining some control of the exchange rate; or to yield to the pressures by allowing sterling to rise. There is in fact a great deal which could be done to offset the present pressures before the rate is allowed to go.

### Letters to the Editor

#### The problems of small firms

From the chairman, Central Government Committee Union of Independent Companies.

Sir — I hope that the first act of the newly appointed Minister charged with reviewing the problems of small firms will be to acquaint himself with their capacity to cut unemployment. This means leaving the owners free to concentrate on the day-to-day needs of the business. Instead of worrying about its survival in the event of an untimely death, also keeping up with the legislation which Mr. Levers' own Government has passed out, much of which has been anti-independent company in effect, whatever the intent.

The shares of independent companies should be treated like works of art. No capital transfer tax levies which they are liable to until the owner receives cash or other reward. Small firms should also be exempt from much of the Protection of Employment Act, when once again it would be worthwhile taking on the publication of turnover and other information which places any initiative at risk should be reconsidered.

These steps should be taken immediately, when the results would be considerable. They would then allow for a properly thought-out tax structure enabling more money to be retained in the business. This would ensure a continuation of the quality of life, which employment in small units brings and extend it to many of those at present in the dole queues, which the large firms, so often already overmanned, can do so little to alleviate.

Charles Simons,  
21, Ludlow Avenue, Luton, Beds.

### Credit

From Mr. A. Davies.  
Sir — In his generous and perceptive review (September 28) of my play "Teachers gone mad" at the Orange Tree, Richmond, Mr. B. A. Young credits me with playing the part of the headmaster. Not true. I was the little white-haired man sitting behind Mr. Young at the first night per-

# Industrial impact of the Drax B award

BY MAX WILKINSON

THE triumph of C. A. Parsons yesterday over the mighty GEC in the award of a design contract for the Drax B power station, has been about the terms of a merger at a time when GEC was in a much stronger position. It had a much fuller order book, more financial muscle, and was thought by civil servants to have better management. But now Parsons has merged with the Gateshead engineering company, Clarke Chapman, to form a relatively strong financial unit and it is expecting an order which will keep it alive for at least the next three to four years.

Yesterday's news that Parsons is to be given the design contract for the £125m. worth of turbine generators at the new station, makes it a near certainty that the company will be given the lion's share of the work.

There is no doubt that a liberalisation of capital flows would make excellent sense at the moment; certainly no investment manager would put the whole of a fund of \$10bn. into U.S. Treasury bills, which is the effective result of giving the Treasury a monopoly of meeting the foreign demand for sterling.

Indeed, as long as private capital flows are a one-way street, it is very hard to be sure of the underlying strength of sterling. The present exchange controls ensure that a free float, if it were allowed, would carry sterling to a higher level than the underlying economic realities would otherwise produce. However, capital outflows arouse deepest and primitive suspicions in the Labour movement, and may be delayed or ruled out for political reasons. The question then is whether it is sensible or even possible to fund inflows without limit.

### Expensive process

The issue of high-coupon debt to finance enormous holdings of a weak currency is obviously an expensive process, and the present official policy of allowing the demand to drive up the price of stock is a financial substitute, as it were, for allowing it to drive up the price of sterling.

This reduces the cost of future funding, and as long as a competitive exchange rate can be combined with falling long-term interest rates, it may look an excellent compromise from the point of view of British industry. Yields are still quite generous for anyone who believes that U.K. inflation will fall to single figures and stay there.

But every bull market must come to an end, and controlling the money supply means holding rates high enough to attract idle cash balances.

We have yet to discover what that rate will be in present markets, and thus the long-term cost of stabilising the exchange rate. The one unacceptable cost is any failure to maintain control of the money supply.

The mighty GEC has been about the terms of a merger at a time when GEC was in a much stronger position. It had a much fuller order book, more financial muscle, and was thought by civil servants to have better management. But now Parsons has merged with the Gateshead engineering company, Clarke Chapman, to form a relatively strong financial unit and it is expecting an order which will keep it alive for at least the next three to four years.

The real question now is what sort of merged company can be agreed which will be acceptable to the companies and the trade unions, and how fast can it be implemented?

Since the Government's abortive attempt in the early summer to force through a merger, there have been several important changes. One of them is

that the minds of members of the Government and of the public

are to be given to the two men at the head of the supply industry. They are Mr. Glynn England, chairman of the Central Electricity Generating Board, and Mr. Francis Tombs, chairman of the Electricity Council. Both have been working hard to promote mergers, but in a much gentler, more persuasive manner than has characterised the nationalised end of the industry in the past.

If closer technical co-operation can be started, one of the main obstacles to a merger between the Parsons and GEC turbine generator interests will have been removed. This

is clear that his stake would not remain at 20 per cent. indefinitely, and while he bides his time deciding whether to bid for the remainder, he is to bid for Carter Hawley Hale, an American stores group, Salm, in easy stages for the first slice.

It has become self-defeating to look for any grand design in Mr. Rowland's progress.

The history of his group's development shows him to be a larger-than-life entrepreneur, setting from opportunity to opportunity. But this House of Fraser deal is consistent in at least two respects. First it is consistent with the more successful side of the Lonrho story — the steady acquisition of trading assets which other people do not want. Second it is consistent with Mr. Rowland's current penchant, which is to swing the balance of Lonrho towards Britain.

# Mr. Rowland shops for Harrods

BY NICHOLAS COLCHESTER

YEAR after year Lonrho has turned sour the year when Lonrho was replaced as manager of the Kenana project in the Sudan. The scheme, whose price is now estimated at around \$800m., was established in the world's largest sugar plantation in the Sudan and thus combine Western know-how with Middle Eastern manpower.

The latest growth play, announced late on Thursday night, is to buy one fifth of the House of Fraser stores group, whose most important business is Harrods. Yesterday he made it clear that his stake would not

remain at 20 per cent. indefinitely, and while he bides his time deciding whether to bid for the remainder, he is to bid for Carter Hawley Hale, an American stores group, Salm, in easy stages for the first slice.

It has become self-defeating to look for any grand design in Mr. Rowland's progress.

The history of his group's development shows him to be a larger-than-life entrepreneur, setting from opportunity to opportunity. But this House of Fraser deal is consistent in at least two respects. First it is consistent with the more successful side of the Lonrho story — the steady acquisition of trading assets which other people do not want. Second it is consistent with Mr. Rowland's current penchant, which is to swing the balance of Lonrho towards Britain.

### Long forgotten

The focus on Lonrho always tends to be on the latest

acquisition or argument in

which Mr. Rowland is involved.

But the focus of the company's

profit is in acquisitions long

forgotten. Four-fifths of profit

comes from mining, trading,

textiles and agriculture

throughout Africa.

These acquisitions — mainly

of well-established colonial busi-

nesses which Mr. Rowland has

allowed to continue without sig-

nificantly changing their man-

agement or aims — have pro-

vided the profit and the where-

withal to satisfy the chairman's

appetite for large and ambitious

projects. These bold ventures

have provided the spice in the

Lonrho story.

In the late sixties there was

the Beira pipeline in Rhodesia,

through which oil never flowed.

There was the Tanzan pipeline

which Lonrho surveyed but

could not build. There was an

immense trans-Congo railway

complete with adjacent mineral

rights, which Lonrho was pre-

vented from building.

In fact, Mr. Rowland seems

share a formula that is to be

found widely in the 1970s — that

of being branded as an unac-

ceptable capitalist but actual

undertaking what Governmen-

and others want done, whether

it be preserving employment

in troubled industries or tak-

ing over unwanted assets. Ti-

he still came away with a £4.9

Government loan for the pi-

chase of Brenford Nysons, a

managed to keep his congl-

erate style bid for Dunfor-

and Elliott out of reach of the

Monopolies Commission.

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ing over unwanted assets.

The latest growth play,

announced late on Thursday night, is to realize the farming poten-

tial of Middle Eastern mon-

archs. The bill soared as dramati-

cally that Kuwait decided to take over the reining.

So now the centre of Mr.

Rowland's attention is back to

Britain. The House of Fra-

ser deal means that over the pas-

two years Lonrho will have

spent or committed more than

£100m. on acquisitions.



Mr. Tiny Rowland: latest growth play.

Since 1975 the company bought Volkswagen (GB) from Thomas Tilling, then London City and Westcliff Projects, Brentford Nysons, Dunford Elliott, the specialist steelmaker, and near 30 per cent. stakes in Scottish and University Investments, a holding company with a variety of interests, including a 10 per cent. stake in the House of Fraser.

It is not only in Africa that Mr. Rowland has a knack of getting on with Government. In spite of the official establishment criticism that has been heaped on him over the years, he still came away with a £4.9 million loan for the purchase of the Beira pipeline in Rhodesia, through which oil never flowed. There was the Tanzan pipeline which Lonrho surveyed but could not build. There was an immense trans-Congo railway complete with adjacent mineral rights, which Lonrho was prevented from building.

On the other hand it is unfortunately possible that in spite of the persuasiveness of the CEGB, the Board will interfere less in the detailed design and nearly £2bn. in domestic orders and a further darkening of the commercial skies, the industry will remain in four years' time, in view of the Think Tank, unmerged, and with the arguments essentially unchanged.

This follows one of the important recommendations of the Think Tank report that the CEGB should interfere less in the detailed design and nearly £2bn. in domestic orders and a further darkening of the commercial skies, the industry will remain in four years' time, in view of the Think Tank, unmerged, and with the arguments essentially unchanged.

The present situation is that there is not a reduction in Government debt but a massive change from short-term debt to long-term funded debt on a scale without parallel in recent British history. The cost in real economic terms has been high (in lost growth for example) but the benefits in a currency which is again trustworthy and in growth which is real, hard organic growth and not lush hot-house produced stuff could be immeasurably greater.

It is these benefits which are just starting to emerge which should not be dissipated by "reflation." In other words, the economy, as far as possible, should be allowed to grow naturally and neither savaged by overpricing nor overwhelmed by too much fertilisation through monetary expansion.

Alas! Mr. Rowland apparently clinched for Lonrho the great coup of being appointed business consultant to the Organisation of African Unity — before this deal collapsed in a political storm. The latest and greatest acquisition makes sense.

## Our investors are still enjoying last year's high interest rates..

Because we were able to place large sums in the money market last year when interest rates were high, the gross return on the Property Growth Money Fund is still high — currently in excess of 13 per cent — and our investors are enjoying the benefit.

You can invest a lump sum of £1,000 or more in our Money Fund, with an annual income option; or you can save from £20 a month with tax relief on your payments. Whether method you choose, you get life cover into the bargain.

And at any time you have flexibility to switch into any of



# COMPANY NEWS + COMMENT

## Industrial manufacturing losses hit Royco

DUE MAINLY to losses incurred in its industrial manufacturing division, taxable profits of Royco Group fell from £458,000 to £20,000 in the first half of 1977.

Mr. R. H. Strudwick, chairman, says that considerable efforts are being made to rectify this situation but the industrial companies have continued to experience adverse trading in recent months. Development is progressing well on residential and commercial sites and market conditions are showing signs of improvement.

The group continues to make profitable and recent reductions in interest rates are beneficial, he adds. Although he declines to make a specific forecast, he states that the group is well placed to take advantage of improvements in the property market.

First half earnings per 25p share are given at 89p (1.04p) and the interim dividend is cut from 1p to 0.5p net. Last year there was no profit when a loss of £85,000 was incurred, after write-offs totalling £38k.

During September the group added to its portfolio a 25.13 per cent. stake in Phoenix Timber Company. Any change in this holding will be reported in the prescribed manner, say the directors.

Royco operates as property developers and financiers

Huker	1977	1976
Turnover	£100m	£80m
Profit before tax	£30	£30
Tax	12	12
Net profit	£18	£26
Interim dividends	1p	2p
Retained	£8	£20

### D comment

The major part of Royco's 27 per cent. drop in profits stems from its industrial interests. Primarily these are manufacturing plastic components for the consumer durable and building industries which increased a £100m.

Stated earnings per 25p share are up from 12.45p to 13.31p and the net interim dividend is maintained at 2.48p. The Hurst family's dividend waivers totalled £14,532 (same). Last year's final was 2.13p and profits for the whole of 1976 were a record £891,000.

Net profit for the half year came out at £257,714 (£288,350) after tax £311,690 (£291,350).

### Progress at F.C. Finance

AGAINST THE abnormally high cost of money prevalent in the first four months of the year, pre-tax profits for the half year to June 30, 1977, at F.C. Finance expanded 26 per cent. from £33,000 to £40,000, struck after higher interest of 12.86% against 10.65%.

After two years absence, interim payments are resumed with 1p net per 25p share—last year's final was 1.3p paid from 10.65p profits.

Turnover was higher for the six months advanced to £11.88m. (£10.06m.) with advances and leased equipment contributing £2.42m. (£1.26m.) and property sales the remainder.

Tax took £213,000 (£170,000) leaving net profits up from £153,000 to £196,000.

### Park Place jumps 67% to peak £0.22m.

After reporting profits down from £2,000 to £3,000 at midway, Park Place Investments announces a 67 per cent. jump to £219,000 for the full year to June 30, 1977, compared with £131,000 which included a £54,000 exceptional credit.

The net interim dividend is increased to 0.5p net per 10p share, equivalent of 0.45p. An additional dividend of 0.0336p is also declared for 1978. Last year's final was 1.013p and profits for the whole of 1976 were £9,89m.

### Sabah down and not optimistic

PRE-TAX PROFIT of Sabah fell from £4.2m. to £1.1m. for the first half of 1977 on turnover up at £36.34m. compared with £32.03m.

Although U.K. turnover was higher due to an increase in imported timber prices, the directors say that volume was lower than in the first half of 1976.

In Sabah, log production was slightly below last year's level.

Present indications are that results for the second half may not match those for the first, they add.

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### Results due next week

Next week the season for above last year's figure. The chain's interim results from the retail sector really gets under way with half-year figures from Sears, UDS and from two mail order houses, Freemans and Grattan. Among other major results of note are half-year figures from the Thompson Organisation and P & O and full-year figures from EMI.

Stock market analysis in recent weeks has been able to write off their earlier estimates of EMI's full-year figure due on Thursday. Lower profits from EMI (Australia), already announced, and bad news about scanner sales in North America have together reduced pre-tax profit forecasts to between £80m. and £70m. compared with profits of £13m. a year ago. Thursday's figures are expected to show a regional growth at Thames Television, which has performed exceptionally well.

Elsewhere the electrical side-stuffers apart—has had a mixed year while the music business should have enjoyed further growth but not perhaps by as much as was hoped during the earlier part of the year.

The first half profits of P. and O. to be announced on Wednesday next week are expected to be way

### DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Ballyte Tex	Int. 15	Nov. 9	Nil	0.63	Nil
Bolton Texile	0.63	Nov. 9	0.52	1.32	1.32
Brooke Watson	0.32	Nov. 9	0.3	0.67	0.67
Cakebread Robey	0.3	Oct. 31	0.67	0.75	0.75
Corinthian Edges	0.2	Nov. 25	Nil	Nil	1.3
Fed. Chemical	1.48	Jan. 4	1.29	3.26	3.29
Fitzwilson	0.65	Nov. 7	0.65	0.65	0.65
Globe Bros.	2.66	Nov. 7	2.65	5.38	5.38
Lyle Ship	2.45	Nov. 15	0.14	0.14	0.14
Maidenhead Inv.	0.11	Dec. 6	0.57	0.63	0.57
F. Miller	0.73	Dec. 6	0.43	1.46	1.46
Nth. British Cndn.	0.31	Dec. 6	0.43	1	1
Park Place Inv.	0.63	Dec. 6	15.18	18.06	15.18
Royal Cinemas	0.08	Dec. 6	0.43	0.57	0.57
Sabah Timber	0.31	Dec. 6	0.43	0.57	0.57
Sthn. Constructions	0.11	Dec. 6	0.43	0.57	0.57

### INTERIM FIGURES ONLY

Dividends shown net, per 25p share. \* Special dividend of 0.64p also paid. \*\* Second interim in lieu of final. \*\*\* Special dividend of 0.64p (adjusted for script) also paid. \*\*\*\* Second interim due in fifteen-month period. First interim 10p already paid. \*\*\*\*\* Dividends shown net, per 25p share. \* Special dividend of 0.64p also paid. \*\* Second interim due in fifteen-month period. First interim 10p already paid. \*\*\* Dividends shown net, per 25p share. \* Including 0.52p first interim. \*\* Including 0.52p first interim.

issue, a final of 0.7263p is forecast. ACT paid during the six months was £57,818 (£51,044).

BEARING witness to a radical improvement in the fortunes of Dublin-based Fitzwilson, the group has cut its pre-tax loss from £11.96m. to £0.37m. and loss per 25p share from 12.45p to 5.98p. The consolidated balance sheet has been strengthened and Mr. A. J. F. O'Reilly, deputy chairman, says that this will be reflected in the profit and loss account for the current year.

During the year under review the directors have programmed a programme of asset realisation to eliminate indebtedness and improve the quality of asset structure was successfully carried out.

The programme restored the company to a positive cash flow position for dividends payments of £1.50, a final of 0.3763p for 1976.

Since the incorporation in April 1974, the directors have negotiated the sale of assets to a total of £42m., an aggregate book value of £43m. at June 30, 1975.

External sales 49,498,047 £61,861,000

Trading profit 52,000,000 52,000,000

Interest 1,527,713 1,625,381

Loss before tax 567,412 1,963,228

Net loss 1,040,582 2,988,580

Minority profits 10,068 51,517

Extraordinary credits 20,100 28,752

Dividends 1,376,512 4,921,340

Loss retained 1,400,013 5,561,000

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Loss before tax 567,412 1,963,228

Net loss 1,0

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# SUMMARY OF THE WEEK'S COMPANY NEWS

## Take-over bids and mergers

BICC has made an agreed £13.3m. take-over bid for Dorman Smith Holdings in a further step towards diversifying from its traditional-table manufacturing interests. Directors and other major shareholders of Dorman Smith have already pledged 8.2 per cent. of the Ordinary and 18.2 per cent. of the A Non-Voting shares. The bid is conditional on an acceptance level of 90 per cent. from all classes. Shareholders of Dorman Smith are offered one BICC share plus 20p in cash for each Ordinary voting share and one BICC share plus 18p in cash for each Non-Voting A share. There are cash alternatives of 15p and 14p respectively.

Shares of Moran Tea moved sharply higher on the surprise announcement of a 400p a share bid from Buxa-Dooars Tea. The tea, however, seems unlikely to get off the ground as the Board of Moran, which, with associates, speaks for 56 per cent. of the company's capital, quickly registered its opposition to the offer.

The complicated struggle for control of Empire Plantations and its associate, Singo Holdings, took a fresh turn with the announcement that Caparo Investments is raising its offer for Singo, making a separate offer for Singo, and is advising its shareholders to vote against the acquisition of three soft-drink companies. Caparo, a private investment company controlled by Mr. Suraj Paul, is now offering 28p for each Empire share and 24p for each Singo share. Empire and Singo quickly rejected the offers as totally inadequate. Singo also defended its proposed acquisition of the three soft-drink companies on the grounds that the proposed acquisitions are commercially attractive and appropriately financed.

London and Aberdeen Investment, now in the throes of voluntary liquidation, has had more than a dozen offers for its 25 per cent. stake in the North American oil company, Texas East Gulf Mortgage; compared with the \$16.5m. at which the company was valued by London Aberdeen in the last accounts, the highest offers lie in the range of \$21m.-\$25m.

The bid for coin and fine-art dealers, Spinks and Son, may well be on the way following an announcement last week that the company is involved in bid talks with an unnamed party.

Rowland, the international trading company headed by Mr. R. W. "Tiny" Rowland has substantially increased its investment in the UK by the purchase of a 16.38 per cent. stake in House of Fraser for \$412m. from Carter Hawley Hale, the American stores group.

## BIDS AND DEALS

### Caparo casts more doubts

The struggle by Caparo Investments to acquire Empire Plantations and Singo Holdings continues with the release of the revised offer document for Empire.

It is already known that Caparo is prepared to pay 24p per share, but Caparo is also continuing to argue whether Empire's price of 25p per share is reasonable. The chairman writes that the auction price of 25p per share has fallen back from 35p at the time of the original bid to 22p now. "If tea prices continue to be weak for the remainder of this year, and if wages and production costs continue to rise at a similar rate to the past year, we find it hard to believe

Caparo's bid for Empire Plantations is one of the many in the tea sector that have been earned from the year ended March 31, 1977.

Caparo also cast doubt on whether Empire is likely to accept the offer. The chairman states that tea plantations in India are valued more highly than they are on the London stockmarket. Therefore for an Indian it is cheaper to buy a plantation through buying a UK holding company than through buying direct. In Caparo's case the bidder appears to be offering about £300 per acre of tea estate which is a long way below the going rate in India. The revised offer of 24p per share is only 3p above the previous offer, but only attracted 16 per cent. of acceptances. This one seems unlikely to succeed and there is a possibility of a further revision.

F. A. HUGHES

Baltic Investments SA has purchased the capital of F. A. Hughes and Co., which previously formed part of the Mono Group within the Galaher Engineering Division.

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- Portfolio is well balanced with 58% in equities (high yield and growth prospects), 40% in preference shares (high yield and stability), and 2% in loan stocks (income). Through increased funds invested and capital growth, this fund has increased from £350,000 on 21st March 1977 to currently over £2.5 million.
- Fund has good record - top performing income fund Jan to Dec 1976.
- Share exchange - you can acquire units more advantageously through share exchange scheme. Tick box in coupon for details.

The price of units and the income from them may go down as well as up.

Your investment should be regarded as long term.

Source Planned Savings

Fixed price offer until 5 pm October 7, 1977 at 119.6p (or the daily price if lower)

The Managers reserve the right to close this offer should the value of units rise by more than 25%. Applications will be acknowledged, and acknowledgements will be issued within 35 days. The offer price includes an initial charge of 5%. The annual charge is 1% + VAT. Half yearly distributions, net of basic rate tax, are made on 15th June and 15th December for those registered on 30th April and 31st October respectively. After

the close of this offer units may be purchased at the weekly (Wednesday) dealing date, when units can also be sold back. Payment will be made within 14 days of the dealing date and on receipt of your certificate duly renounced. The weekly price and yield appear in most leading newspapers. A commission of 1% will be paid to recognised agents. This offer is not open to residents of the Republic of Ireland. Trustees: The Royal Bank of Scotland Ltd. Managers: Arbuthnot Securities Ltd. (Reg. in Edinburgh 46584) Members of the Unit Trust Association.

To: Arbuthnot Securities Ltd., 37 Queen St., London EC4R 1BY or phone: 01-236 5281. Directors: Sir Trevor Dawson Bt. (Chairman), M.G. Barrett (Managing), A. Pickles, O.B.E., J.P., A.R.C. Arbuthnot, G.D. Lawton, F.C.A., M.P. Renton, Prof. R. Smith, B.A., M.Sc., Ph.D. (Econ.), P. Ashley Miller, F.C.A. We wish to invest the sum of £ (min. £500) in Arbuthnot Extra Income Fund Units and enclose a cheque payable to Arbuthnot Securities Ltd.

#### SHARE EXCHANGE SCHEME, TICK BOX FOR DETAILS

We declare that I am/we are over 18 and not residing outside the scheduled territories nor am I/we are acquiring the above mentioned securities as the nominee(s) of any person(s) resident outside these territories. If you are unable to make this declaration, it should be deleted and the form lodged through your Bank, Stockbroker, or Solicitor in the United Kingdom.

Signature(s): \_\_\_\_\_

All applicants, all must sign. State Mr./Mrs./Miss or Titles and Forenames

Full Name(s): \_\_\_\_\_

Address(es): \_\_\_\_\_

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Company bid for	Value of bid per share*	Market price**	Price before bid (£m's)	Value of bid (£m's)	Final date
<i>Prices in pounds unless otherwise indicated.</i>					
Assam Cons. Tea	28*	20†	20†	0.34	Yule Carte
British Elect. Controls	20*	29	18	1.1	Messrs. Semark, Rutherford and Amerson
Brit. Elec. Controls	28	100	92	1.1	Dale Elec. and Chem.
Charrington Ind.	68	67	64‡	35.3	Frost & Co.
Crause Fruehauf	61.5	63	57	3.3	James (M) Inc.
Deland (Geo.)	23*	25	20	1.08	Johns (M) Inc.
Dorman Smith	147	145	142	1.64	BICC
Eva Biscuits "A"	151	138	135	1.64	BICC
Empire Plant.	154	145	140	1.5	BAE Elec.
Fox's Biscuits	130*	135†	120	1.18	Caparo Inv.
Holdings Print	69*	87	40	0.40	Caparo Inv.
Houchein	206	195	132	4.35	Caparo Inv.
Jeans Cooper	65*	60	60	0.30	Caparo Inv.
Kwai Korn	158*	154	123	8.0	Costain (T.)
Lawrence (Wm.)	437	383	185	0.5	Tilling (T.)
Lyons (Wm.) "A"	207	268	365	1.2	Tilling (T.)
Le Vallois Tst.	20*	37	26	0.3	Albion
Lyndale Eng.	20*	19	16	0.8	Borthwick (T.)
Matthews Mids.	821	62	64	1.25	Borthwick (T.)
Mono Containers	35*	34	30	1.4	Autosar Inv.
Morna Tea	406*	410	285	1.4	Polystar
New Bridge Bldgs	24*	25	23	0.04	Buxa-Dooars Group
Peachey	55*	65	57	11.7	A. C. London
Peterbrough Motors	75	78	43	2.1	T. C. Harrison
Singal Holdings	24*	254	22	1.1	Caparo Inv.
Summers (O.C.)	50*	48	54	0.18	Lon. & Europa
Tebbit Group	71*	12	8	0.22	Clients of Rowe Rudd
					Sonoco
	90*	86	74	7.9	

\* All cash offer. \*\* Cash alternative. † Capitalised market capitalisation. ‡ Date on which the offer became operative. Based on 29.9.77. At suspension. †† Bid.

**Scrip Issues**

A. Beckman: One-for-12.  
Bejam Group: One-for-one.  
Black and Eddington: One-for-one.  
Footwear Industry Investments: Three-for-two.  
Watmoughs (Holdings): One-for-three.

## PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (2000)	Earnings per share (p) per share (p)	Dividends* per share (p)	Company	Half-year to	Pre-tax profit (2000)	Interim dividends per share (p)
AB Electronic	June 30	915 (631)	14.1 (10.6)	5,042 (4,515)	James Finlay	June 30	6,850 (2,001)	3.5 (2.5)
Adwest Group	June 30	5,600 (4,217)	29.9 (21.6)	7,743 (8,927)	Firons	June 30	8,511 (10,221)	3.7 (4.3)
Arnold Stores	Mar. 31	23L (68) Nil	Nil (Nil)	Nil (Nil)	Fresco Marsep	June 30	7,740 (18,100)	1.89 (1.69)
Barratt Devs.	June 30	7,407 (9,714)	24.9 (1.6)	197 (207)	FPA Construct.	June 30	197 (1,061)	0.5 (0.5)
B. Beckman	June 30	1,950 (1,680)	10.1 (8.1)	4,821 (4,742)	Haden Carrier	June 30	743 (1,061)	2.1 (2.1)
Bejam Group	July 31	4,500 (2,840)	4.5 (2.4)	4,821 (4,742)	Hamilborne	June 30	104 (1)	1.03 (0.5)
Burns & Anderson	June 30	1,950 (1,680)	1.1 (0.4)	1,120 (1,061)	Hanson Inv.	June 30	329 (1,061)	1.25 (N/A)
Celtic Breweries	May 31	1,100 (1,061)	1.3 (0.6)	1,120 (1,061)	James Hanson	June 30	1,537 (1,061)	1.986 (1.76)
Charrington	June 30	1,100 (1,061)	1.3 (0.6)	1,120 (1,061)	Higgins & Hill	June 30	1,253 (1,061)	1.112 (1.056)
Clayton Ind.	June 30	1,100 (1,061)	1.3 (0.6)	1,120 (1,061)	Hoskins & Horron	June 30	1,900 (1,061)	2.5 (2.2)
Grimsby Holdings	Apr. 30	39L (390)	4.0 (Nil)	1,120 (1,061)	Ibsen Johnsen	June 30	810 (1,061)	4.0 (3.6)
John Higgins	June 30	3,310 (2,710)	6.1 (3.1)	Jersey Electricity	July 3	810 (1,061)	1.25 (1.23)	
Ingal Inds.	June 30	2,240 (1,934)	2.7 (1.3)	John Laiing	June 30	5,710 (8,000)	1.25 (1.23)	
Lockwoods Foods	May 31	2,240 (1,934)	15.4 (15.6)	5,710 (8,000)	Legal & General	June 30	11,900 (16,000)	2.037 (1.571)
MFI	June 30	1,870 (1,020)	7.8 (4.1)	Legal & General	June 30	661 (1,010)	1.5 (1.1)	
Monogram Secs.	Mar. 31	123 (18)	0.7 (0.24)	Minity	June 30	43 (1)	1.5 (1.5)	
Ovaltine Holdings	Dec. 31	84 (18)	3.8 (1.5)	Modern Engs.	June 30			



## Germans speed Bill to isolate terrorists

BY JONATHAN CARR

AFTER ONE of the swiftest passages of a Bill through Parliament in West German history, President Walter Scheel to-day signed into law a measure aimed at strengthening the hand of the Government Social Democrat (SPD) and Free Democrat (FDP) Parties as well as the Opposition CDU-CSU—it did not go through wholly without opposition.

The measure provides for convicted terrorists, or prisoners suspected of terrorism, to be denied contact with visitors including their lawyers, in conditions of special danger.

One of the main aims is to prevent any transfer of information between prisoners and kidnappers in cases such as the one at present involving the industrialist, Dr. Hans-Martin Schleyer. He has been held for more than three weeks by captors demanding the release of 11 imprisoned terrorists, and their transfer to a country of their choice abroad.

The Bill was introduced in the Bundestag—the Lower House—on Wednesday, passed there on Thursday and approved by the

BONN, Sept. 30.

## Hopes for U.S. dock settlement fade

By John Wyles

**NEW YORK, Sept. 30.** TALKS TO try to avert a strike by East Coast dockers against container shipping companies were going on late into this evening amid fading hopes of a settlement.

A federal mediator brought the chief negotiators of the International Longshoremen's Association (ILA) and the Council of North Atlantic Shipping Associations (CONASA) together late this morning and struggled for several hours to steer them towards a settlement. However,

at one point FDP deputies sought to make a change under which a prisoner could still have access to a lawyer named by authorities. But the CDU claimed this undermined the purpose of the measure and the alteration was

Bundestag—the Upper House—to-morrow. It will come into force signed into law a measure aimed at strengthening the hand of the Government Social Democrat (SPD) and Free Democrat (FDP) Parties as well as the Opposition CDU-CSU—it did not go through wholly without opposition.

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## U.K. prospect of big Costa Rican orders

By HUGH O'SHAUGHNESSY

ORDERS WORTH several hundred million dollars for aircraft, sugar mills and railway equipment could result from the private talks that President Daniel Oduber of Costa Rica is to have in London next week.

President Oduber is to visit British Rail and GEC and the British Aircraft Corporation to view plans for the new X-11 aircraft.

Announcing this in London yesterday on the third day of his official visit to Britain, the President added that Costa Rica is to raise a \$45m. loan in the London

market with Sir Alexander and Frederick taking the lead position. The money is to be re-lent through the Costa Rican state banking system.

President Oduber said Britain had been a traditional supplier of transport and sugar equipment, and that Costa Rican experience with this equipment would weigh in the final decision about re-equipping.

The Costa Rican President said he favoured independence for Belize after negotiations with Guatemala and hinted that he would not oppose the idea of a multilateral defence for the territory, which fears an invasion from Guatemala after it graduates from being a British colony.

President Oduber said he wanted Mr. Robert Vassco, the controversial U.S. financier who is based in the Costa Rican capital of San Jose, to leave the country and would like to see him turned over to the U.S. authorities to face serious charges if a U.S. application for extradition succeeded in the Costa Rican courts.

In a speech at the Mansion House during a luncheon given by the Lord Mayor, the Costa Rican leader laid special emphasis on Costa Rican parliamentary and democratic traditions and the economic efficiency of a democratic regime.

Mr. Oduber said he wanted to

raise £37.5 million, £10.4 million, £102.0 million, £97.0 million, £4.1% yield.

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## COMMODITIES/Review of the week

### Sugar pact talks to continue

BY OUR COMMODITIES STAFF

INCERTAINTY OVER the prospects of success of the Geneva talks on a new international agreement dominated the sugar market this week. But following a breakthrough, hopes rose, and the meetings were extended into next week.

The talks, under the auspices of UNCTAD, were deadlocked for much of the week because of disputes between Australia, Brazil, and Cuba, the three largest producers—over sugar export quotas. Brazil in particular felt it was being unfairly treated in being offered a quota of 2.1m. tonnes, compared with 1.5m. and 2.3m. for Cuba and Australia respectively.

The resulting impasse was finally broken on Thursday night, however, when the Philippines, in a desperate bid to save the negotiations, offered 100,000 tonnes out of its own allotment. This enabled talks to have 2.5m. tonnes with Australia and Brazil each getting 3.5m. Actual quotas for 1978 are expected to be 55 per cent of the 1977 level.

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ing as reports from the meeting became more or less hopeful. The London daily sugar price slipped to £98 a tonne during the week but gained £4 yesterday to end unchanged on balance at £102 a tonne.

The London sugar market was dominated by a tightening squeeze on nearby supplies due to late crops in West Africa and unexpected shipment delays, particularly from the Ivory Coast. By the time the prompt September position expired yesterday afternoon the premium was £2.45 higher at £66.20 a tonne, a new all-time peak. The price was partly due to U.S. physical demand but was mainly the result of a technical nearby shortage of metal.

The copper market rose on continued buying, thought to reflect Chinese physical interest. Cash wibrars lost £0.5 yesterday but still ended the week £5.5 higher at £6.90 a tonne.

Dealers noted that the spot price had not tumbled as expiry neared, as often happens in a "squeeze" and that the expiry date was not reflected in December copper, the new spot

month. This was taken as a sign that the nearby tightness which had been affecting the September position had been carried over into December.

Early in the week the International Commodity Clearing House attempted to head off the situation by raising the delivery rate to £630.00 per tonne-tonne lot of cash, virtually 100 per cent of the contract rate, against a normal rate of 15 per cent. But the move appeared to have failed to shake away "short-holders" out of the market.

Coffee had a relatively quiet week but the November position still ended £14.75 down at £2,147.5 a tonne. Dealers said the Colombian selling which has been depressing the market recently was less evident and that many leading coffee figures were at the International Coffee Organisation talks in London.

They also noted that roaster interest appeared to be a little stronger than of late.

The star performer on the London Metal Exchange this week was tin. Sharp rises in the eastern market were fully reflected in London and the cash standard metal price ended the week £2.45 higher at £66.20 a tonne, a new all-time peak. The price was partly due to U.S. physical demand but was mainly the result of a technical nearby shortage of metal.

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### \*BRITISH FUNDS

High/Low	Stock	£	Int.	Yield	Red.
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